

TALON RESOURCES INC

April 26, 2004

Mr. Eric Jones
Petroleum Engineer
Bureau of Land Management
82 East Dogwood
Moab, Utah 84532

RE: Application for Permit to Drill—WhitMar Exploration Company
26-3, 2,031' FSL, 587' FWL, NW/4 SW/4, Section 26, T13S, R11E, SLB&M, Carbon County, Utah

Dear Mr. Jones:

On behalf of WhitMar Exploration Company (WhitMar), Talon Resources, Inc. respectfully submits the enclosed original and two copies of the *Application for Permit to Drill (APD)* for the above referenced well. Included with the APD is the following supplemental information:

Exhibit "A" - Survey plats and layouts of the proposed well site;

Exhibit "B" - Proposed location maps with pipe, power, and road corridors;

Exhibit "C" - Drilling site layout;

Exhibit "D" - Drilling Program;

Exhibit "E" - Multi Point Surface Use Plan;

Exhibit "F" - Typical road cross-section;

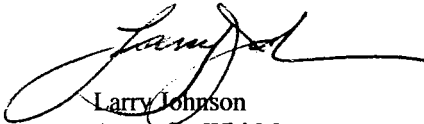
Exhibit "G" - Typical BOP diagram;

Exhibit "H" - Typical wellhead manifold diagram.

Please accept this letter as WhitMar's, written request for confidential treatment of all information contained in and pertaining to this application.

Thank you very much for your timely consideration of this application. Please feel free to contact myself or Whitney Marvin of WhitMar at 713-739-7300 if you have any questions or need additional information.

Sincerely,



Larry Johnson
Agent for WhitMar

cc: Whitney Marvin, WhitMar
Don Stephens, BLM, Price Field Office
Diana Whitney, DOGM, State Office

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DIV. OF OIL, GAS & MINING

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001

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK DRILL <input checked="" type="checkbox"/> DEEPEN <input type="checkbox"/>		5. LEASE DESIGNATION AND SERIAL NO. UTU-80556
1b. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER <input type="checkbox"/> SINGLE ZONE <input checked="" type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>		6. IF INDIAN, ALLOTTEE OR TRIBE NAME N/A
2. NAME OF OPERATOR WhitMar Exploration Company		7. UNIT AGREEMENT NAME N/A
3. ADDRESS AND TELEPHONE NO. 1021 Main Street, Suite 1100, Houston, TX 77002 (713) 739-7300		8. FARM OR LEASE NAME, WELL NO. 26-3
4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.) At surface 529037 X 39.66555 At proposed prod. zone 2,031' FSL, 587' FWL 4390483 Y -110.66148		9. API WELL NO. 43-007-30957
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE* 9.39 miles northeast of Wellington, Utah		10. FIELD AND POOL, OR WILDCAT Wildcat undesignated
15. DISTANCE FROM PROPOSED* LOCATION TO NEAREST PROPERTY OR LEASE LINE, FT. (Also to nearest drig. unit line, if any) 587'	16. NO. OF ACRES IN LEASE 1.640	11. SEC., T., R., M., OR BLK. NW/4 SW/4, Section 26, T13S, R11E, SLB&M
18. DISTANCE FROM PROPOSED LOCATION TO NEAREST WELL, DRILLING, COMPLETED, OR APPLIED FOR, ON THIS LEASE, FT. 2,800'	19. PROPOSED DEPTH 2,900'	12. COUNTY OR PARISH Carbon
21. ELEVATIONS (Show whether DF, RT, GR, etc.) 6,063' GR		13. STATE Utah
20. ROTARY OR CABLE TOOLS Rotary		22. APPROX. DATE WORK WILL START* July 15, 2004

23. PROPOSED CASING AND CEMENTING PROGRAM				
SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55 ST&C	24	350'	200 sacks Howco Prem Plus V + CaCl ₂ + flocele
7-7/8"	5-1/2" J-55 ST&C	15.5	2,800'	90 sacks Howco CBM Light LCM / 80 sacks Howco CBM Light

Federal Approval of this
Action is Necessary

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IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24. SIGNED [Signature] TITLE Agent for WhitMar DATE April 26, 2004
(This space for Federal or State office use)
PERMIT NO. 43-007-30957 APPROVAL DATE _____

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

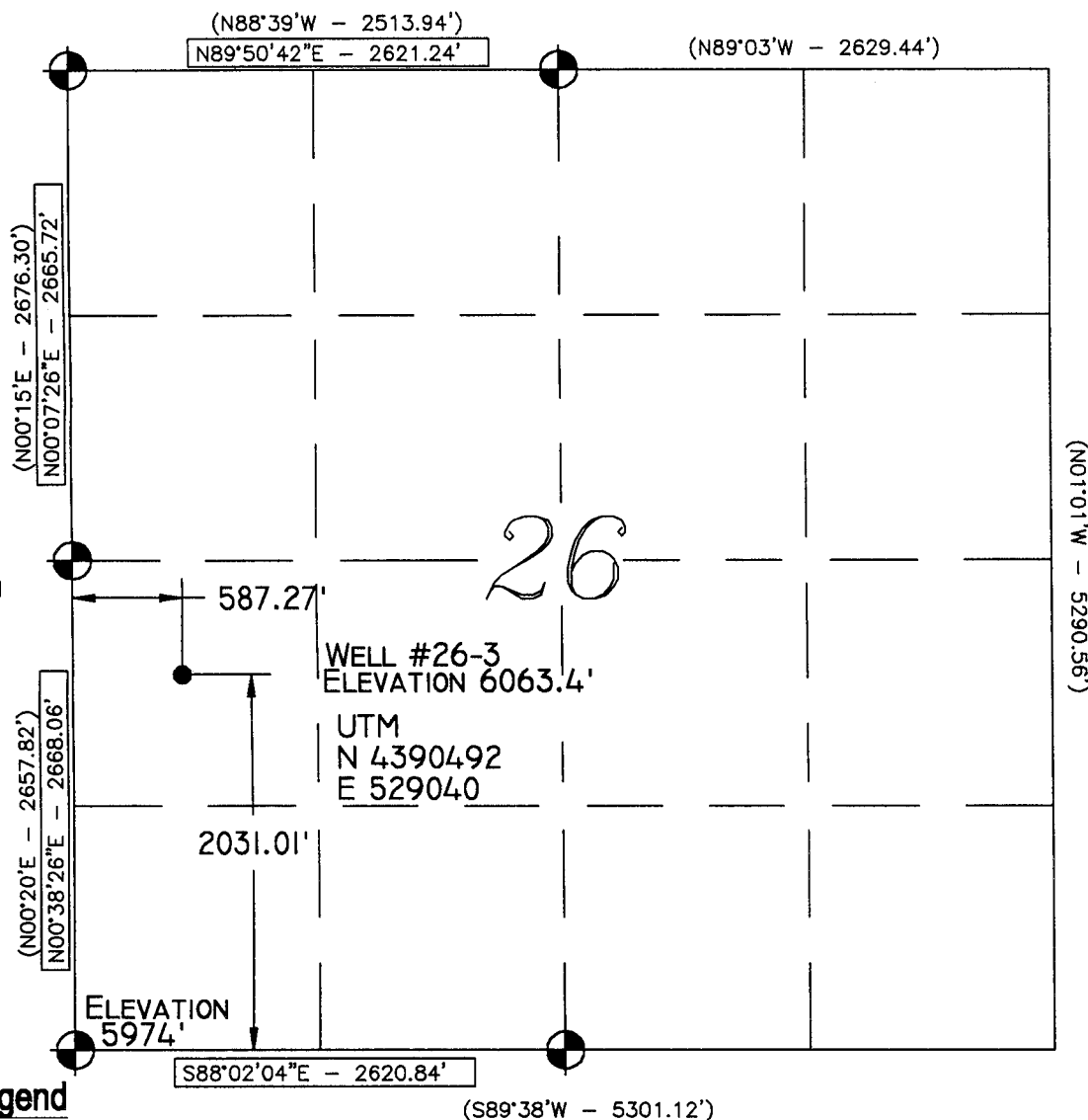
APPROVED BY [Signature] TITLE BRADLEY G. HILL DATE 06-24-04
ENVIRONMENTAL SCIENTIST III

*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency or the

Range 11 East

Township 13 South



Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTE:
UTM AND LATITUDE / LONGITUDE COORDINATES
ARE DERIVED USING A GPS WASS SYSTEM AND
ARE SHOWN IN NAD 27 DATUM.

LAT/LONG
39°39'56"N
110°39'41"W

Location:
THE WELL LOCATION WAS DETERMINED USING A TRIMBLE
4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:
THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:
THE BEARINGS INDICATED ARE PER THE RECORDED PLAT
OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:
BASIS OF ELEVATION OF 5974' BEING AT THE SOUTHWEST
CORNER OF SECTION 26, TOWNSHIP 13 SOUTH, RANGE 11 EAST,
SALT LAKE BASE & MERIDIAN, AS SHOWN ON THE DEADMAN
CANYON QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:
PROPOSED DRILL HOLE LOCATED IN THE NW 1/4, SW 1/4 OF
SECTION 26; BEING 2031.01' NORTH AND 587.27' EAST FROM
THE SOUTHWEST CORNER OF SECTION 26, T13S, R11E, SALT
LAKE BASE AND MERIDIAN.

Surveyor's Certificate:
I, ALBERT J. SPENSKO, A REGISTERED PROFESSIONAL
LAND SURVEYOR, HOLDING CERTIFICATE 146652
STATE OF UTAH, DO HEREBY CERTIFY THAT THE
INFORMATION ON THIS DRAWING IS A TRUE AND
ACCURATE SURVEY BASED ON DATA OF RECORD AND
WAS CONDUCTED UNDER MY PERSONAL DIRECTION
AND SUPERVISION AS SHOWN HEREON.



Talon Resources, Inc.

195 North 100 West
Huntington, Utah 84528
Ph: 435-687-5310
Fax: 435-687-5311

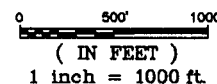
**WHITMAR EXPLORATION
COMPANY**

WELL #26-3

Section 26, T13S, R11E, S.L.B.&M.
Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.P.C.
Drawing No. A-1	Date: 04/07/04
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1294

GRAPHIC SCALE



Drilling Program

Exhibit "D"

Attached to BLM Form 3
WhitMar Exploration Company
26-3
NW/4 SW/4, Sec. 26, T13S, R11E, SLB & M
2,031' FSL, 587' FWL
Carbon County, Utah

1. The Geologic Surface Formation

Blue Gate Shale Member of the Mancos Shale

2. Estimated Tops of Important Geologic Markers

Marker	Depth (MD)
Mancos Blue Gate Marker	2,200'
Ferron Sandstone	2,500'
Total Depth	2,800'

3. Projected Gas & Water Zones

Ferron coals and sandstones 2,500' to 2,760'

No groundwater is expected to be encountered. Water encountered will be reported on a Form 7 "Report of Water Encountered During Drilling".

Casing & cementing will be done to protect potentially productive hydrocarbons, lost circulation zones, abnormal pressure zones, and prospectively valuable mineral deposits. All indications of usable water will be reported.

Surface casing will be tested to 1000 psi.

4. The Proposed Casing and Cementing Programs

HOLE SIZE	SETTING DEPTH (INTERVAL)	SIZE (OD)	WEIGHT, GRADE & JOINT	CONDITION
12-1/4"	350'	8-5/8"	24# J-55 ST&C	New
7-7/8"	2,800'	5-1/2"	15.5# J-55 ST&C	New

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Cement Program – Every attempt will be made to bring cement back to surface

Surface Casing: 200 sacks Howco Premium Plus V + CaCl + Flocele;
Weight: 15.6 #/gal
Yield: 1.20 cu.ft/sk

Production Casing: 90 sacks Howco CBM Light LCM
Weight: 10.5 #/gal
Yield: 4.59 cu.ft/sk
80 sacks Howco CBM Light
Weight: 13.0 #/gal
Yield: 1.99 cu.ft/sk

The following shall be entered in the driller's log:

- 1) Blowout preventer pressure tests, including test pressures and results;
- 2) Blowout preventer tests for proper functioning;
- 3) Blowout prevention drills conducted;
- 4) Casing run, including size, grade, weight, and depth set;
- 5) How the pipe was cemented, including amount of cement, type, whether cement circulated, location of the cementing tools, etc.;
- 6) Waiting on cement time for each casing string;
- 7) Casing pressure tests after cementing, including test pressures and results.

5. **The Operator's Minimum Specifications for Pressure Control**

Exhibit "G" is a schematic diagram of the blowout preventer equipment. A double gate 2000 psi BOP will be used with a rotating head. This equipment will be tested to 2000 psi. All tests will be recorded in a Driller's Report Book. Physical operation of BOP's will be checked on each trip.

6. **The Type and Characteristics of the Proposed Circulating Muds**

0 - 350'	12-1/4" hole	Drill with air, will mud-up if necessary.
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350' - TD	7-7/8" hole	Drill with air, will mud-up if necessary. 500 psi @ 1500-2300 Scf.
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If fluid is necessary it will be fresh water + Quik-Gel + Pac-R + Therma-Thin + Barolift at 8.5 – 8.8 #/gal maximum.

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7. The Testing, Logging and Coring Programs are as followed

350-TD Schlumberger Neutron-Density, PEX-AITH

Overpressuring

No abnormal pressures or temperatures have been noted or reported in wells drilled in the area nor at the depths anticipated in this well. Bottom hole pressure expected is 1000 psi max. No hydrogen sulfide or other hazardous gases or fluids have been found, reported or are known to exist at these depths in the area.

Lost Circulation

Previous drilling records in this area indicate potential lost circulation while drilling or cementing the production casing for the wells. We plan to include lost circulation material in the production cement and have lost circulation material /additives on location while drilling.

8. Anticipated Starting Date and Duration of the Operations.

The well will be drilled approx.: July 15, 2004.

Verbal and/or written notifications listed below shall be submitted in accordance with instructions from the Bureau of Land Management:

- (a) prior to beginning construction;
- (b) prior to spudding;
- (c) prior to running any casing or BOP tests;
- (d) prior to plugging the well, for verbal plugging instructions.

Spills, blowouts, fires, leaks, accidents or other unusual occurrences shall be reported to the Bureau of Land Management and the Division of Oil, Gas & Mining immediately.

Bureau of Land Management
Moab District / Price Field Office
Application for Permit to Drill
On-Site Inspection Checklist

Company: WhitMar Exploration Company Well No.: 26-3

Location: *Section 26, T13S, R11E SLB & M*

Lease No.: *Federal UTU-80556*

On-Site Inspection Date: 03-23-04

B. THIRTEEN POINT SURFACE USE PLAN

The dirt contractor will be provided with an approved copy of the surface use plan of operations before initiating construction.

1. Existing Roads:

- a. Proposed route to location: *From Wellington, Utah proceed east along SR-6 for approximately 2.35 miles. Turn left off of SR-6 onto East Coal Creek Road, proceed north on East Coal Creek Road 3.17 miles to the Knight Ideal Mine Road. Proceed north on the Knight Ideal Mine Road for 5.70 miles to the existing access road near the old homestead leaving the road surface east to the proposed well. (See Exhibit "B").*
- b. Location of proposed well in relation to town or other reference point: *Approximately 9.39 miles northeast of Wellington, UT.*
- c. Contact the County Road Department for use of county roads. The use of Carbon County roads will require an encroachment permit from the Carbon County Road Department:
Encroachment permit is presently pending for the Knight Ideal Mine Road.

2. Planned Access Roads:

- a. Location (centerline): *From the existing Knight Ideal Mine road continue east approximately 1,600' to the proposed 27-4 well, then travel east from the proposed 27-4 well approximately 1,800' along a flagged new route to the proposed 26-3 well intersection. Travel northeast along the flagged route 550' to the proposed 26-3 well. Planned access begins at a point approximately 1,900' FSL 200' FEL, Section 27, T13S, R11E.*
- b. Length of new access to be constructed: *Approximately 2,350'*
- c. Length of existing roads to be upgraded: *Approximately 1,600'*
- d. Maximum total disturbed width: *60'*
- e. Maximum travel surface width: *25'*
- f. Maximum grades: *10%*

- g. Turnouts: *None*
- h. Surface materials: *Native*
- i. Drainage (crowning, ditching, culverts, etc): *Roads will be crowned with bar ditches on both sides and approximately 4 culverts placed along the new or upgraded road.*
- i. Cattleguards: *One cattleguard is proposed at the fence near the county road.*
- k. Length of new and/or existing roads which lie outside the lease boundary for which a BLM right-of-way is required: *None although a private surface use agreement is necessary to cross Thayn surface and provide access to the federal well.*
- l. Other:

Surface disturbance and vehicular travel will be limited to the approved location access road. Any additional area needed must be approved by the Area Manager in advance.

If a right-a-way is necessary, no surface disturbing activities shall take place on the subject right-of-way until the associated APD is approved. The holder will adhere to conditions of approval in the Surface Use Program of the approved APD, relevant to any right-of-way facilities.

If a right-of-way is secured, boundary adjustments in the lease or unit shall automatically amend this right-of-way to include that portion of the facility no longer contained within the lease or unit. In the event of an automatic amendment to this right-of way grant, the prior on-lease/unit conditions of approval of this facility will not be affected even though they would now apply to facilities outside of the lease/unit as a result of a boundary adjustment. Rental fees, if appropriate shall be recalculated based on the conditions of this grant and the regulations in effect at the time of an automatic amendment.

If the well is productive, the access road will be rehabilitated or brought to Resource (Class III) Road standards within 60 days of dismantling the rig. If upgraded, the access road must be maintained at these standards until the well is properly abandoned. If this time frame cannot be met, the Area Manager will be notified so that temporary drainage control can be installed along the access road.

- 3. Location of Existing Wells - on a map, show the location of all water, injection, disposal, producing and drilling wells within a one mile radius of the proposed well, and describe the status of each: *See Exhibit "B"*
- 4. Location of Production Facilities:
 - a. On-site facilities: *See Exhibit "E"*
 - b. Off-site facilities: *None except for the buried power line and pipelines*
 - c. Pipelines: *Approximately 3,900' of pipeline corridor containing 2 (gas and water) 4" to 8" pipelines will be installed along the north and west side of the proposed road in the same trench as the power line.*
 - d. Power lines: *Approximately 3,900' of power line corridor containing one 3-phase power line will be installed along the north and west side of the proposed road in the same trench as the pipelines.*

All permanent (in place for six months or longer) structures constructed or installed (including oil well pump jacks) will be painted a flat, non-reflective color to match the standard environmental colors, as determined by the Rocky Mountain Five-State Interagency Committee. All facilities will be painted within six months of installation. Facilities required to comply with Occupational Safety and Health Act (OSHA) may be excluded. Colors will be as follows: *olive black*

All site security guidelines identified in 43 CFR 3163.7-5 and Onshore Oil and Gas Order No. 3 Colors will be as follows: *olive black*

If a gas meter run is constructed, it will be located on lease within 500 feet of the wellhead. The gas flowline will be buried from the wellhead to the meter and will be buried downstream of the meter until it leaves the pad. Meter runs will be housed and/or fenced. The gas meter shall be calibrated prior to first sales and shall be calibrated quarterly thereafter. All gas production and measurement shall comply with the provisions of 43 CFR 3162.7-3, Onshore Oil and Gas Order No. 5, and American Gas Association (AGA) Report No. 3.

If a tank battery is constructed on this lease, it will be surrounded by a dike of sufficient capacity to contain 1 ½ times the storage capacity of the largest tank. All loading lines and valves will be placed inside the berm surrounding the tank battery. All oil production and measurement shall conform to the provisions of 43 CFR 3162.7-3 and Onshore Oil and Gas Order No. 4.

Production facilities on location may include a lined or unlined produced water pit. If water is produced from the well, an application must be submitted.

5. Location and Type of Water Supply:

All water needed for drilling purposes will be obtained from (describe location and/or show on A map): *All water needed for drilling will be obtained from a local municipal water source, Since this well will be primarily drilled with air, minimal water will be needed.*

6. Source of Construction Material:

Pad construction material will be obtained from (if the source is federally owned, show location on a map): *Private Owner in Wellington, Utah*

The use of materials under BLM jurisdiction will conform to 43 CFR 3610.2-3.

Any gravel used will be obtained from a state approved gravel pit.

7. Methods of Handling Waste Disposal:

Describe the methods and locations proposed for safe containment and disposal of waste material, e.g. cuttings, produced water, garbage, sewage, chemicals, etc.

The reserve pit will be located: *Inbound and along the northwest side of the pad.*

The reserve pit will be constructed so as not to leak, break, or allow discharge.

The reserve pit will be lined with native material unless designated otherwise by BLM officers prior to construction. Pit walls will be sloped no greater than 2 to 1.

The reserve pit shall be located in cut material, with at least 50% of the pit volume being below original ground level. Three sides of the reserve pit will be fenced before drilling starts. The fourth side will be fenced as soon as drilling is completed, and shall remain until the pit is dry.

As soon as the reserve pit has dried, all areas not needed for production will be rehabilitated.

Trash must be contained in a trash cage and hauled away to an approved disposal site as necessary but no later than at the completion of drilling operations.

8. **Ancillary Facilities: Garbage Containers and Portable Toilets**

9. **Well Site Layout** - The pit, rig, cut and fill, topsoil, etc. on a plat with a scale of at least 1" = 50'.

All well, whether drilling, producing, suspended, or abandoned, will be identified in accordance with 43 CFR 3162.6.

Access to the well pad will be from: *west*.

The blooie line will be located: *At least 100 feet from the well head*.

To minimize the amount of fugitive dust and spray escaping from the blooie pit, the following blooie line deflection method will be employed: *Water Injection*.

10. **Plans for Restoration of the Surface:**

The top 6 inches of topsoil material will be removed from the location and stockpiled separately on: *Adjacent undisturbed land in a windrow fashion*.

Topsoil along the access road will be reserved in place adjacent to the road.

Immediately upon completion of drilling, all equipment that is not necessary for production shall be removed.

The reserve pit and that portion of the location not needed for production will be reclaimed.

Before any dirt work to restore the location takes place, the reserve pit must be completely dry.

Reclaimed roads will have the berms and cuts reduced and will be closed to vehicle use.

All disturbed areas will be re-contoured to replicate the natural slope.

The stockpiled topsoil will be evenly distributed over the disturbed area.

Prior to reseeding, all disturbed areas, including the access roads, will be scarified and left with a rough surface.

Seed will be broadcast or drilled between Sept. and Nov., or at a time specified by the BLM. If broadcast, a harrow or some other implement will be dragged over the seeded area to assure seed coverage.

The following seed mixture will be used: *BLM-recommended mixture*.

The abandonment marker will be one of the following, as specified by BLM:

- 1) at least four feet above ground level,
- 2) at restored ground level, or
- 3) below ground level.

In any case the marker shall be inscribed with the following: operator name, lease number, Well name and surveyed description (township, range, section and either quarter-quarter or footage.).

11. Surface and Mineral Ownership:

Surface Owner: **Federal; Bureau of Land Management**

Surface Representative: **Don Stephens can be reached at 435-636-3608.**

Mineral Ownership: **Federal; Bureau of Land Management**

12. Other Information:

- a. *Archeological Concerns: A Cultural Resource evaluation is complete from Senco-Phenix Archaeological Consultants and a report will be submitted, when prepared, to the BLM archaeologist.*

The operator is responsible for informing all persons in the area who are associated with this project that they will be subject to prosecution for knowingly disturbing historic or archaeological sites, or for collecting artifacts. If historic or archaeological materials are uncovered during construction, the operator is to immediately stop work That might further disturb such materials, and contact the authorized officer (AO). Within five (5) working days, the AO will inform the operator as to:

1. whether the materials appear eligible for the National Register of Historic Places;
2. the mitigation measures the operator will likely have to undertake before the site can be used (assuming in situ preservation is not necessary); and
3. a time frame for the AO to complete an expedited review under 36 CFR 800.11 to confirm, through the State Historic Preservation Officer, that the findings of the AO are correct and that mitigation is appropriate.

If the operator wishes, at any time, to relocate activities to avoid the expense of mitigation and/or the delays associated with this process, the AO will assume responsibility for whatever recordation and stabilization of the exposed materials may be required. Otherwise, the operator will be responsible for mitigation costs. The AO will provide technical and procedural guidelines for the conduct of mitigation. Upon verification from the AO that the required mitigation has been completed, the operator will then be allowed to resume construction.

- b. *Threatened and Endangered Species Concerns: Prior to any surface disturbing activities an on-the-ground survey will be completed by Buys & Associates, Inc. in May 2004 with a report to be submitted to the BLM wildlife biologist.*
- c. *Wildlife Seasonal Restrictions (yes/no): See Environmental Impact Statement (EIS)*
- d. *Off Location Geophysical Testing: N/A*
- e. *Drainage crossings that require additional State or Federal approval: Coal Creek will be crossed requiring a state permit that is pending at this time.*
- f. *Other:*

13. Lessee's or Operator's Representative and Certification

Representative: Whitney Marvin – Landman, President and Chairman

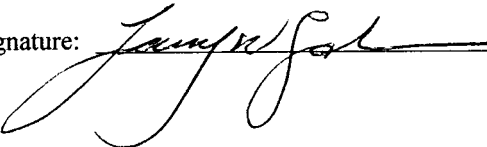
Name: WhitMar Exploration Company

Address: 1021 Main Street, Suite 1100, Houston, Texas 77002

Phone No: (713) 739-7300 office
(713) 739-7333 fax

Certification:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access route; that I am familiar with the conditions which currently exists; that the statements made in this APD package are, to the best of my knowledge, true and correct; and that the work associated with the operations proposed herein will be performed by Whitmar and its contractors and subcontractors in conformity with this APD package and the terms and conditions under which it is approved. I also certify responsibility for the operations conducted on that portion of the leased lands associated with this application, with bond coverage being provided under WhitMar's pending BLM bond. This statement is subject to the provisions of 18 U.S.C. 1001 for the filing of a false statement.

Signature:  Date: 4/26/04

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location - Contact the Resource Area, Natural Resource Protection Specialist at least 24 hours prior to commencing construction of location.

Spud - The spud date will be reported to the Resource Area Office 24 hours prior to spudding. Written notification in the form of a Sundry Notice (Form 3160-5) will be submitted the District Office within 24 hours after spudding, regardless of whether spud was made with a dry hold digger or big rig.

Daily Drilling Reports - Daily drilling reports shall detail the progress and status of the well and shall be submitted to the District Office on a weekly basis.

Monthly Reports of Operations - In accordance with Onshore Oil and Gas Order No. 1, this well shall be reported on Minerals Management Service (MMS) Form 3160, "Monthly Report of Operations," starting the month in which operations commence and continuing each month until the well is physically plugged and abandoned. This report will be filed directly with MMS.

Sundry Notices - There will be no deviation from the proposed drilling and/or workover program without prior approval from the Assistant District Manager. "Sundry Notices and Reports on Wells: (Form 3160-5) will be filed for approval for all changes of plans and other operations in accordance with 43 CFR 3162.3-2. Safe drilling and operating practices must be observed.

Drilling suspensions - Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Authorized Officer. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events - Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the Resource Area in accordance with requirements of NTLA.

Cultural Resources - If cultural resources are discovered during construction, work that might disturb the resources is to stop, and the Area Manager is to be notified.

First production - Should the well be successfully completed for production, the Assistant District Manager, Minerals Division will be notified when the well is placed in producing status. Such notification may be made by phone, but must be followed by a sundry notice or letter not later than five (5) business days following the date on which the well is placed into production.

A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Resource Area Office. The Resource Area Office shall be notified prior to the first sale.

Well Completion Report - Whether the well is completed as a dry hole or as a producer, "Well Completion and Re-completion Report and Log" (Form 3160-4) will be submitted to the District Office not later than thirty (30) days after completion of the well or after completion operations being performed, in accordance with 43 CFR 3162.4-1. Two copies of all logs, core descriptions, core analysis, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. Samples (cuttings and/or samples) will be submitted when requested by the Assistant District Manager.

Venting/Flaring of Gas - NTL-4A allows venting/flaring of gas during the initial well evaluation period not to exceed 30 days or 50 Mmcf. Venting/flaring beyond the initial test period threshold must be approved by the District Office.

Produced Water - Produced waste water may be confined to an unlined pit for a period not to exceed 90 days after initial production. During the 90 day period, an application for approval of a permanent disposal method and location, along with the required water analysis, will be submitted to the Assistant District Manager for approval.

Off-Lease Measurement, Storage, Commingling - Prior approval must be obtained from the Assistant District Manager for off-lease measurement, off-lease storage and/or commingling (either down-hole or at the surface).

Plugging and Abandonment - If the well is completed as a dry hole, plugging instructions must be obtained from the BLM, Moab District Office prior to initiating plugging operations. Table 1 of this document provides the after-hours phone numbers of personnel who are authorized to give plugging instructions.

A "Subsequent Report of Abandonment" (Form 3160-5) will be filed with the Assistant District Manager, Minerals Divisions within thirty (30) days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Area Manager or his representative, or the appropriate surface managing agency.

TABLE 1
NOTIFICATIONS

Notify Don Stephens of the Price Resource Area, at (435) 636-3608 for the following:

2 days prior to commencement of dirt work construction or reclamation;

1 day prior to spudding

50 feet prior to reaching surface and intermediate casing depths;

3 hours prior to testing BOPE;

12 hours prior to reaching kickoff point depth (if applicable).

If the person at the above number cannot be reached, notify the Moab District Office at (435) 259-6111. If unsuccessful, notify one of the people listed below.

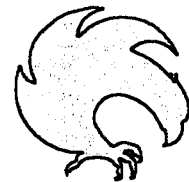
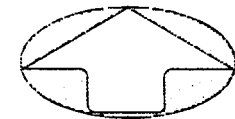
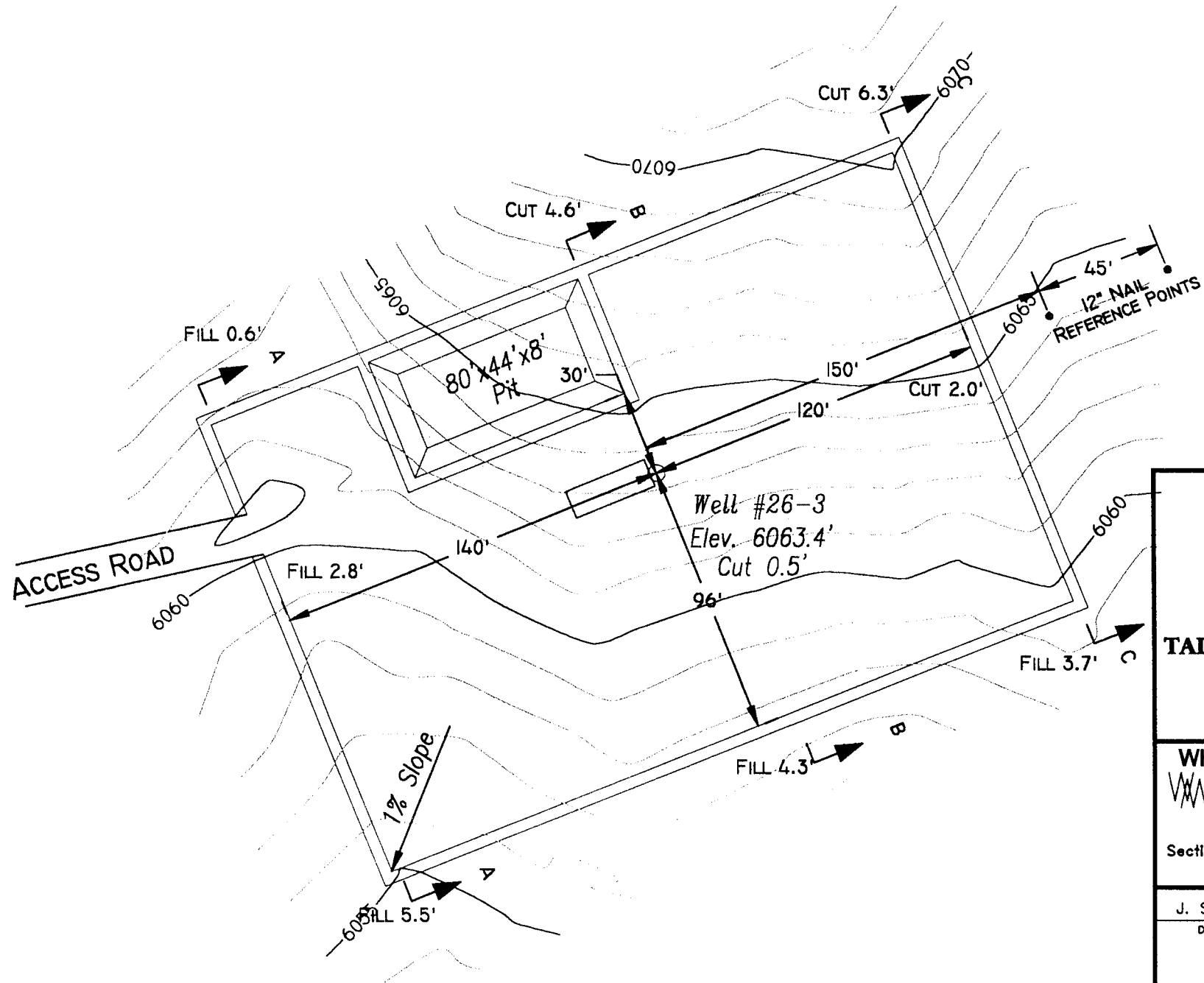
Well abandonment operations require 24 hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained by calling the Moab District Office, Branch of Fluid Minerals at (435) 259-6111. If approval is needed after work hours, you may contact the following:

Eric Jones, Petroleum Engineer

Office: (435) 259-6111

Home: (435) 259-2214

ELEVATION OF UNGRADED GROUND AT LOCATION STAKE = 6063.4'
 ELAVATION OF GRADED GROUND AT LOCATION STAKE = 6062.9'



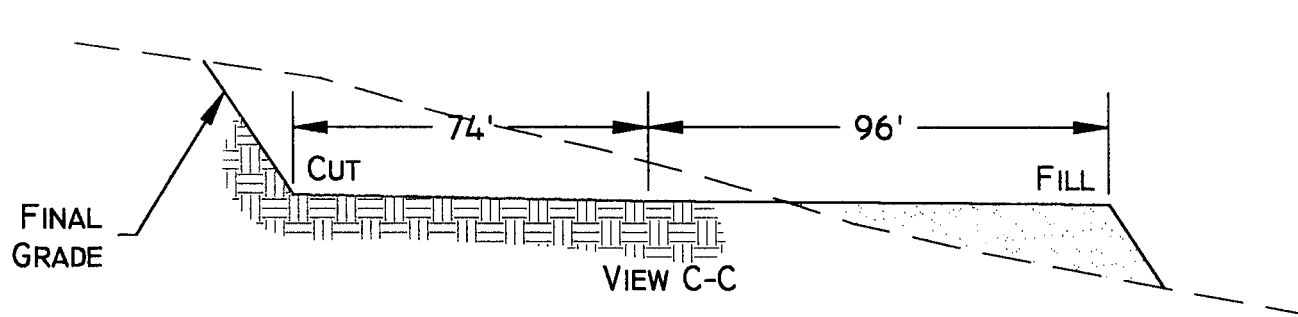
TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
 Huntington, Utah 84528
 Phone (435) 687-5310 Fax (435) 687-5311
 E-Mail talonres@tv.net

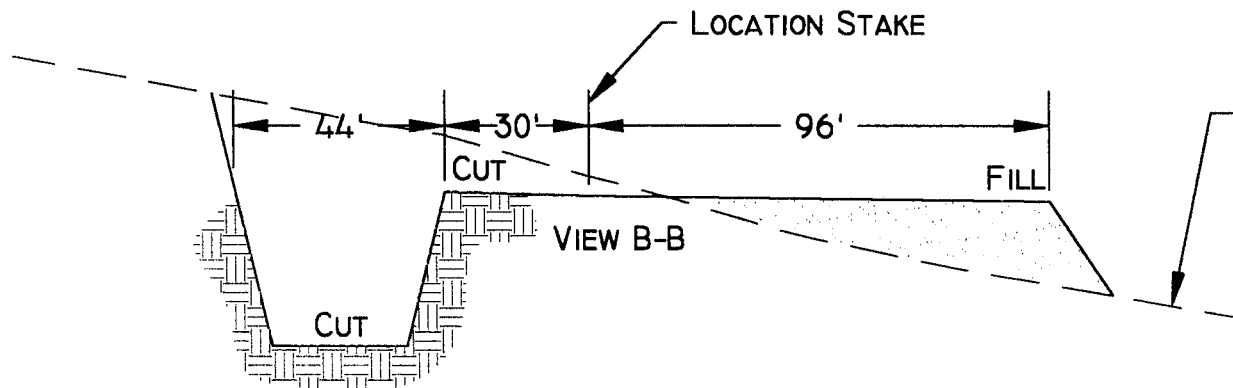
WHITMAR EXPLORATION COMPANY

LOCATION LAYOUT
 Section 26, T13S, R11E, S.L.B.&M.
 WELL #26-3

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. A-2	Date: 03/22/04
	Scale: 1" = 50'
Sheet 2 of 4	Job No. 1294

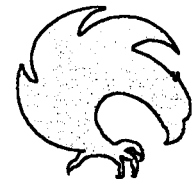
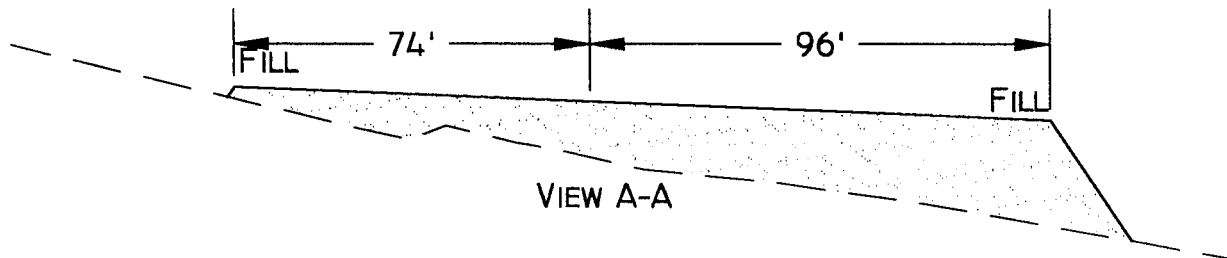


1"=10'
X-Section
Scale
1"=40'



PRECONSTRUCTION
GRADE

SLOPE = 1 1/2 : 1
(EXCEPT PIT)
PIT SLOPE = 1 ; 1



TALON RESOURCES, INC.

195 North 100 West P.O. Box 1230
Huntington, Utah 84528

Phone (435) 687-5310 Fax (435) 687-5311
E-Mail talonectv.net

**WHITMAR EXPLORATION
COMPANY**

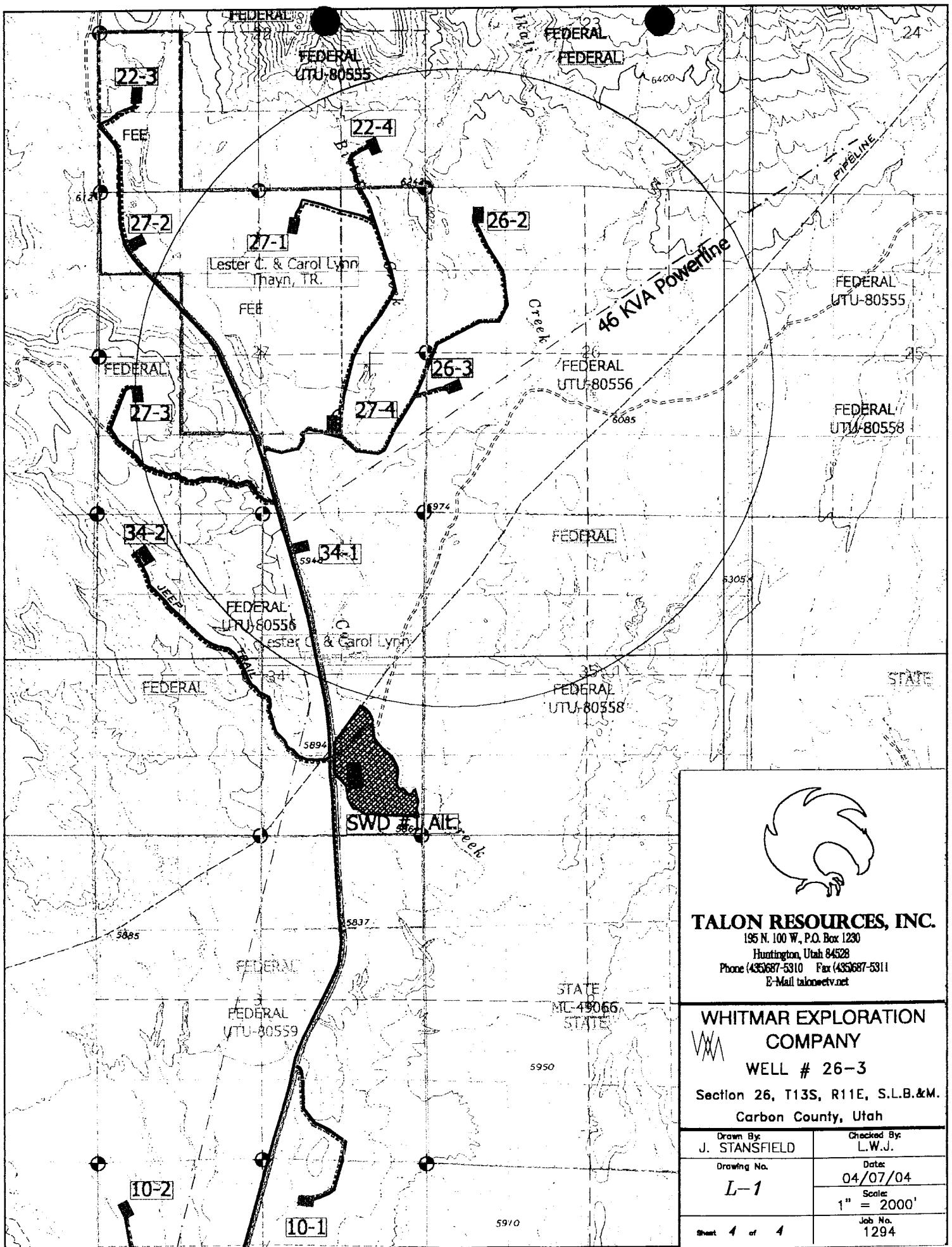
TYPICAL CROSS SECTION
Section 26, T13S, R11E, S.L.B.&M.
WELL #26-3

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. C-1	Date: 04/15/04
	Scale: 1" = 40'
Sheet 3 of 4	Job No. 1294

APPROXIMATE YARDAGES

(6") TOPSOIL STRIPPING = 750 CU. YDS.
REMAINING LOCATION = 1,865 CU. YDS.
(INCLUDING TOPSOIL STRIPPING)

TOTAL CUT (INCLUDING PIT) = 2,735 CU. YDS.
TOTAL FILL = 2,645 CU. YDS.



TALON RESOURCES, INC.

195 N. 100 W., P.O. Box 1230
Huntington, Utah 84528
Phone (435)687-5310 Fax (435)687-5311
E-Mail talon@netv.net

WHITMAR EXPLORATION COMPANY

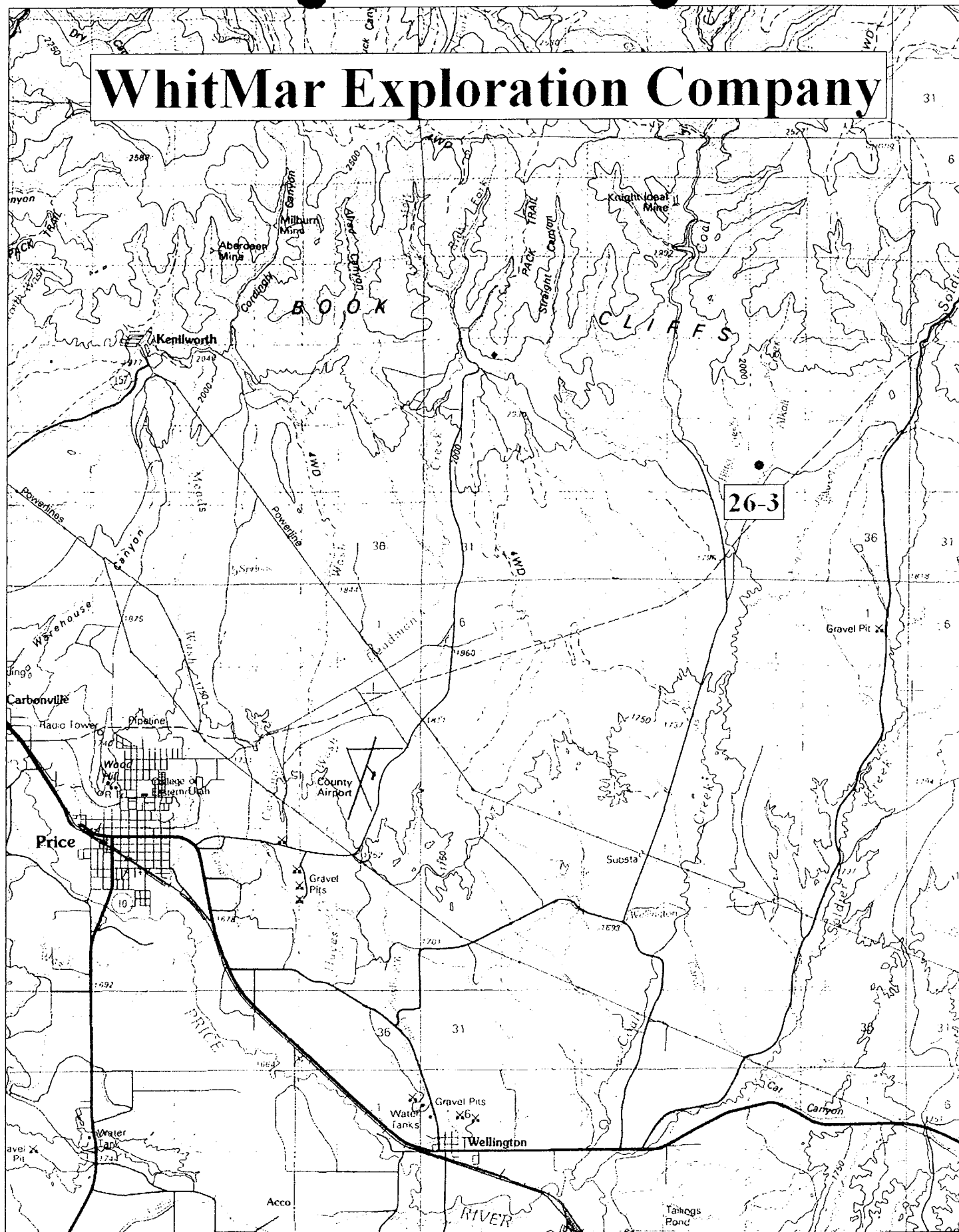
WELL # 26-3

Section 26, T13S, R11E, S.L.B.&M.

Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J.
Drawing No. L-1	Date: 04/07/04
	Scale: 1" = 2000'
Sheet 4 of 4	Job No. 1294

WhitMar Exploration Company

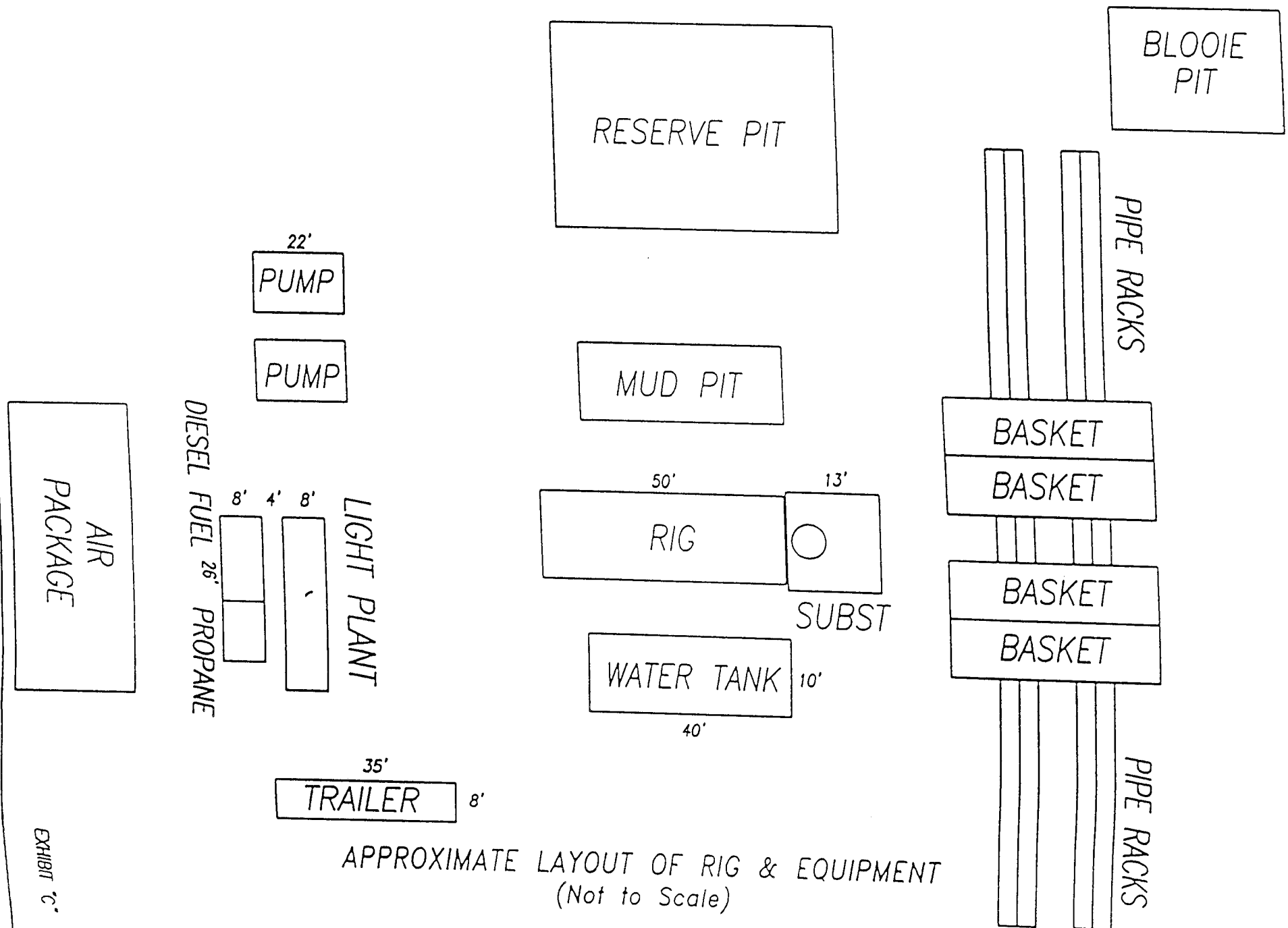


TN MN
12°

0.0 0.5 1.0 1.5 2.0 2.5 3.0 3.5 miles

0 1 2 3 4 5 km

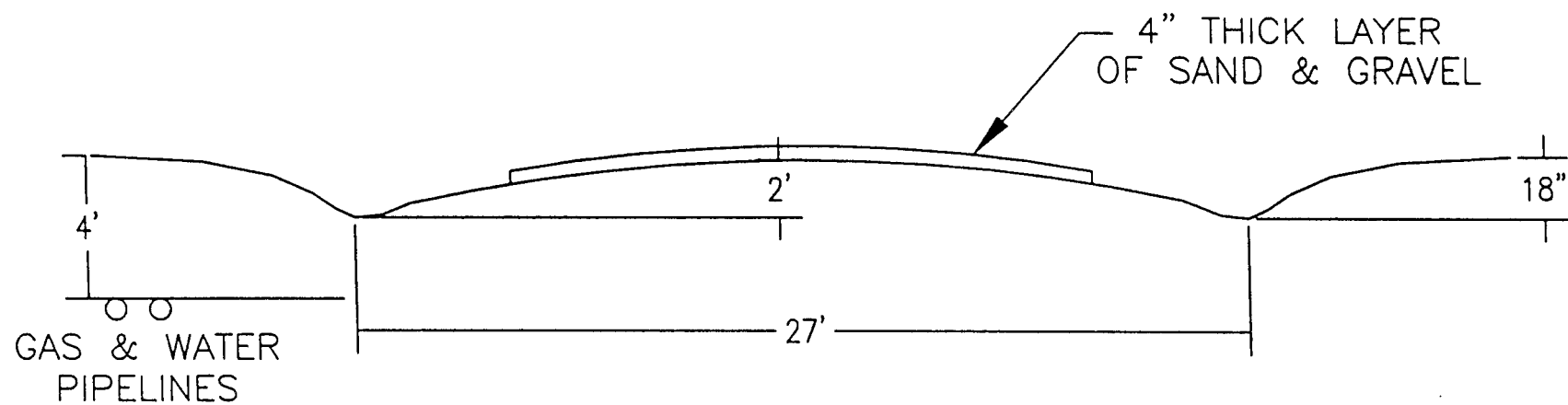
Printed from TOPO! ©2000 National Geographic Holdings (www.topo.com)



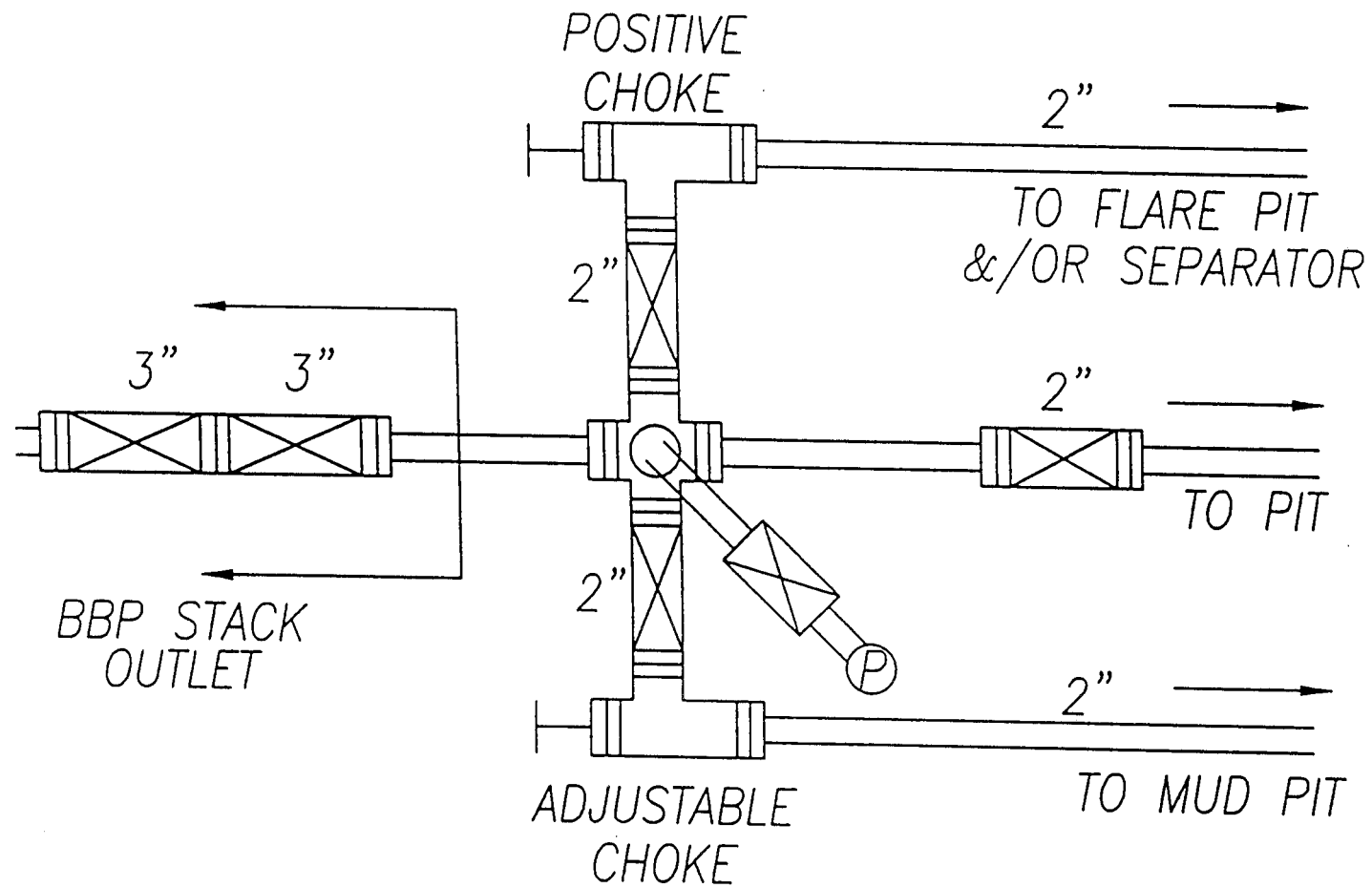
APPROXIMATE LAYOUT OF RIG & EQUIPMENT
(Not to Scale)

EXHIBIT "C"

TYPICAL ROAD CROSS-SECTION

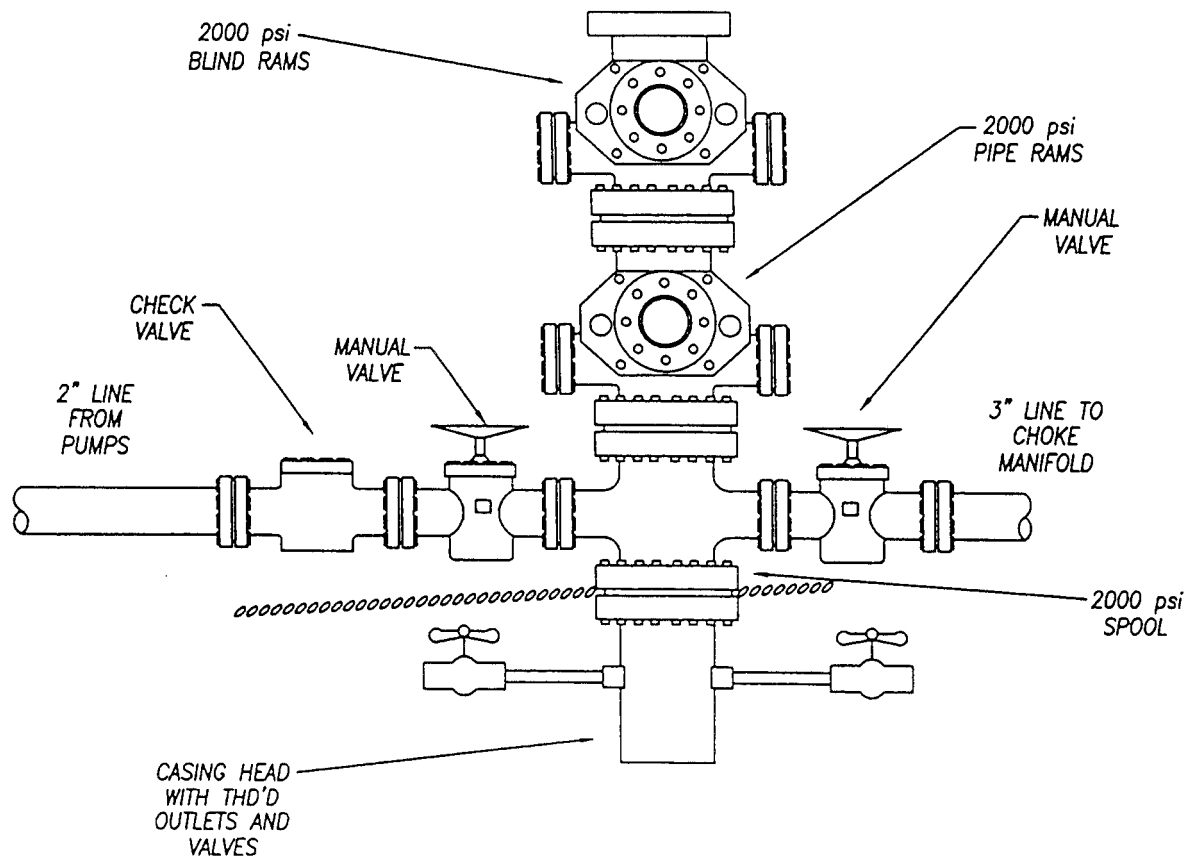


CHOKE MANIFOLD



BOP Equipment

2000 psi WP



WORKSHEET
APPLICATION FOR PERMIT TO DRILL

APD RECEIVED: 04/29/2004

API NO. ASSIGNED: 43-007-30957

WELL NAME: 26-3

OPERATOR: WHITMAR EXPLORATION (N2585)

CONTACT: LARRY JOHNSON

PHONE NUMBER: 713-739-7300

PROPOSED LOCATION:

NWSW 26 130S 110E

SURFACE: 2031 FSL 0587 FWL

BOTTOM: 2031 FSL 0587 FWL

CARBON

WILDCAT (1)

LEASE TYPE: 1 - Federal

LEASE NUMBER: UTU-80556

SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: FRSD

COALBED METHANE WELL? *NO Yes*

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LATITUDE: 39.66555

LONGITUDE: 110.66148

RECEIVED AND/OR REVIEWED:

☒ Plat

☒ Bond: Fed[1] Ind[] Sta[] Fee[]
 (No. 704195928)

☒ Potash (Y/N)

☒ Oil Shale 190-5 (B) or 190-3 or 190-13

☒ Water Permit
 (No. MUNICIPAL)

☒ RDCC Review (Y/N)
 (Date: _____)

☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

____ R649-2-3.

Unit _____

☒ R649-3-2. General
 Siting: 460 From Qtr/Qtr & 920' Between Wells

____ R649-3-3. Exception

____ Drilling Unit

Board Cause No: _____

Eff Date: _____

Siting: _____

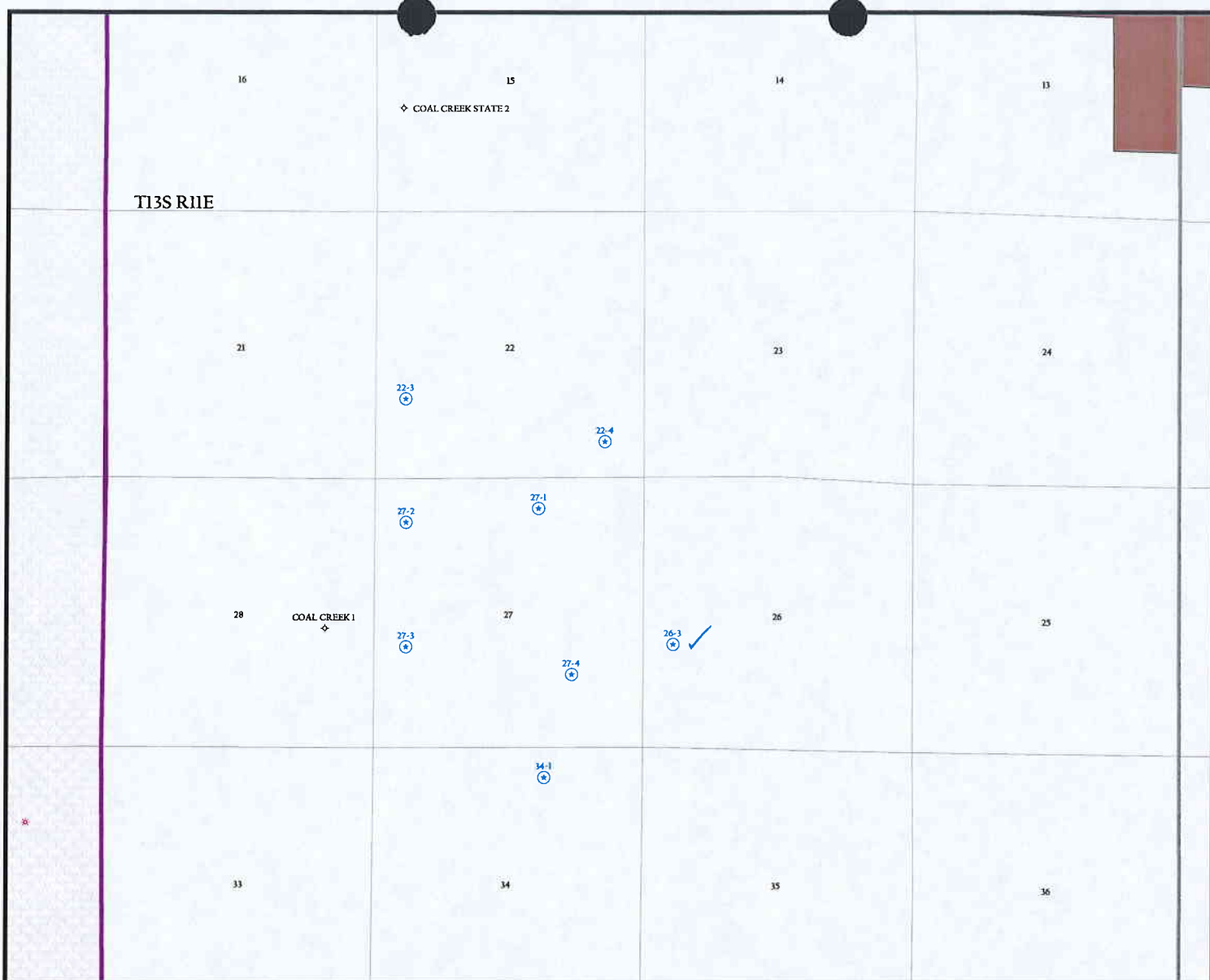
____ R649-3-11. Directional Drill

COMMENTS:

STIPULATIONS:

1- Federal Approval

2- Spacing Strip



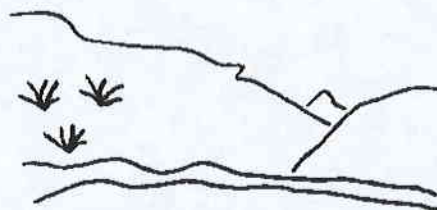
OPERATOR: WHITMAR EXPL CO (N2585)

SEC. 26 T.13S, R.11E

FIELD: WILDCAT (001)

COUNTY: CARBON

SPACING: R649-3-2 / GENERAL SITING



Utah Oil Gas and Mining

Well Status

- GAS INJECTION
- GAS STORAGE
- LOCATION ABANDONED
- NEW LOCATION
- PLUGGED & ABANDONED
- PRODUCING GAS
- PRODUCING OIL
- SHUT-IN GAS
- SHUT-IN OIL
- TEMP. ABANDONED
- TEST WELL
- WATER INJECTION
- WATER SUPPLY
- WATER DISPOSAL

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED



PREPARED BY: DIANA WHITNEY
DATE: 4-MAY-2004



State of Utah

Department of
Natural Resources

ROBERT L. MORGAN
Executive Director

Division of
Oil, Gas & Mining

LOWELL P. BRAXTON
Division Director

OLENE S. WALKER
Governor

GAYLE F. McKEACHNIE
Lieutenant Governor

June 24, 2004

Whitmar Exploration Company
1021 Main Street, Suite 1100
Houston, TX 77002

Re: 26-3 Well, 2031' FSL, 587' FWL, NW SW, Sec. 26, T. 13 South, R. 11 East,
Carbon County, Utah

Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-007-30957.

Sincerely,

A handwritten signature in dark ink, appearing to read "John R. Baza".

John R. Baza
Associate Director

pab
Enclosures

cc: Carbon County Assessor
Bureau of Land Management, Moab District Office

Operator: Whitmar Exploration Company
Well Name & Number 26-3
API Number: 43-007-30957
Lease: UTU-80556

Location: NW SW Sec. 26 T. 13 South R. 11 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:
WhitMar Exploration Company

3. ADDRESS OF OPERATOR:
1021 Main Street, 1100 CITY Houston STATE TX ZIP 77002

PHONE NUMBER:
(713) 739-7300

4. LOCATION OF WELL

FOOTAGES AT SURFACE: 2,031' FSL, 587' FWL

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 26 13S 11E S

STATE: UTAH

5. LEASE DESIGNATION AND SERIAL NUMBER:

UTU-80556

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

N/A

7. UNIT or CA AGREEMENT NAME:

N/A

8. WELL NAME and NUMBER:

26-3

9. API NUMBER:

4300730957

10. FIELD AND POOL, OR WILDCAT:

undesigned

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION

TYPE OF ACTION

☐ NOTICE OF INTENT
(Submit in Duplicate)
Approximate date work will start:

☒ SUBSEQUENT REPORT
(Submit Original Form Only)
Date of work completion:

<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: <u>Extend State Permit</u>
<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

WhitMar Exploration Company hereby requests a one year extension of the state permit for the 26-3

This is the first extension that has been requested.

Approved by the
Utah Division of
Oil, Gas and Mining

Date: 08-25-05

By: [Signature]

CONSENT TO OPERATOR

Date: 8-30-05

Initials: [Signature]

NAME (PLEASE PRINT) Don Hamilton

TITLE Agent for WhitMar Exploration Company

SIGNATURE Don Hamilton

DATE 8/15/2005

(This space for State use only)

RECEIVED

AUG 18 2005

DIV. OF OIL, GAS & MINING

ORIGINAL

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API: 43-007-30957
Well Name: 26-3
Location: NW/4 SW/4, Section 26, T13S, R11E, SLB&M
Company Permit Issued to: WhitMar Exploration Company
Date Original Permit Issued:

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

Don Hamilton
Signature

8/15/2005
Date

Title: Agent

Representing: WhitMar Exploration Company

RECEIVED

AUG 18 2005

OF OIL, GAS & MINING

ORIGINAL

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

RECEIVED

OCT 0 / 2005

DIV. OF OIL, GAS & MINING

APPLICATION FOR PERMIT TO DRILL OR DEEPEN

1a. TYPE OF WORK

DRILL ☒

DEEPEN ☐

6. TYPE OF WELL

OIL
WELL ☐

GAS
WELL ☒

OTHER

SINGLE
ZONE ☒

MULTIPLE
ZONE ☐

2. NAME OF OPERATOR

WhitMar Exploration Company

3. ADDRESS AND TELEPHONE NO.

1021 Main Street, Suite 1100 Houston, TX 77002 (713) 739-7300

4. LOCATION OF WELL (Report location clearly and in accordance with any State requirements.)

At surface

At proposed prod. zone

2,031' FSL, 587' FWL

14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE*

9.39 miles northeast of Wellington, Utah

15. DISTANCE FROM PROPOSED*

LOCATION TO NEAREST
PROPERTY OR LEASE LINE, FT.
(Also to nearest drg. unit line, if any)

587'

16. NO. OF ACRES IN LEASE

1.640

17. NO. OF ACRES ASSIGNED
TO THIS WELL

160 acres

18. DISTANCE FROM PROPOSED
LOCATION TO NEAREST WELL,
DRILLING, COMPLETED, OR
APPLIED FOR, ON THIS LEASE, FT.

2,800'

19. PROPOSED DEPTH

2,900'

20. ROTARY OR CABLE TOOLS

Rotary

21. ELEVATIONS (Show whether DF, RT, GR, etc.)

6,063' GR

22. APPROX. DATE WORK WILL START*

July 15, 2004

23.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	GRADE, SIZE OF CASING	WEIGHT PER FOOT	SETTING DEPTH	QUANTITY OF CEMENT
12-1/4"	8-5/8" J-55 ST&C	24	350'	200 sacks Howco Prem Plus V + CaCl ₂ + floccle
7-7/8"	5-1/2" J-55 ST&C	15.5	2,800'	90 sacks Howco CBM Light LCM / 80 sacks Howco CBM Light

RECEIVED
MOAB FIELD OFFICE
2004 APR 29 A 10:35
DEPT OF THE INTERIOR
BUREAU OF LAND MGMT

CONFIDENTIAL

IN ABOVE SPACE DESCRIBE PROPOSED PROGRAM: If proposal is to deepen, give data present productive zone and proposed new productive zone. If proposal is to drill or deepen directionally, give pertinent data on subsurface locations and measured and true vertical depths. Give blowout preventer program, if any.

24.

SIGNED

TITLE Agent for WhitMar

DATE April 26, 2004

(This space for Federal or State office use)

PERMIT NO.

APPROVAL DATE

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.
CONDITIONS OF APPROVAL, IF ANY:

APPROVED BY

H. A. Lynn Jackson

TITLE

Assistant Field Manager,
Division of Resources

DATE

OCT - 3 2005

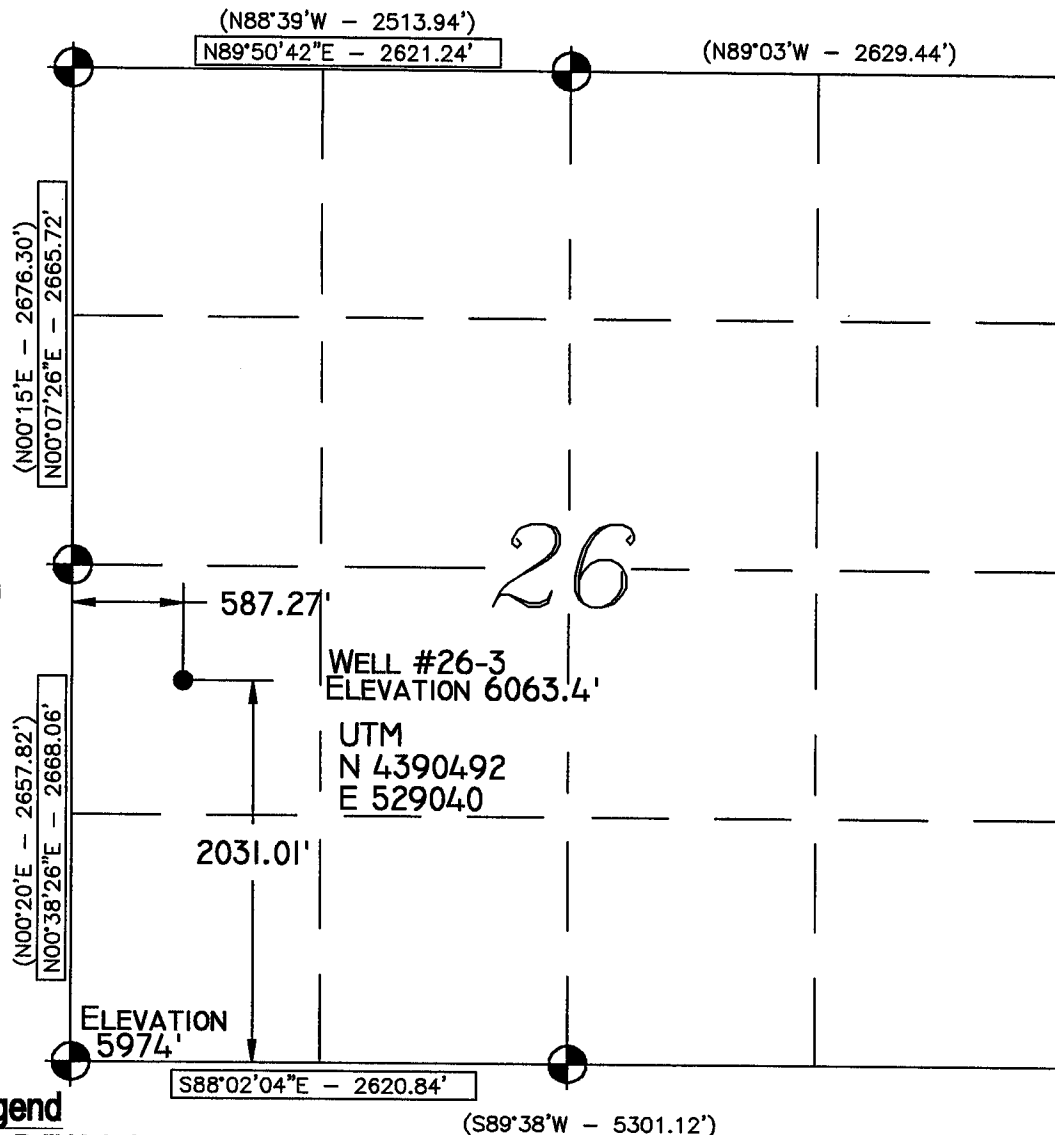
*See Instructions On Reverse Side

Title 18 U.S.C. Section 1001, makes it a crime for any person knowingly and willfully to make to any department or agency or the

CONDITIONS OF APPROVAL ATTACHED

Range 11 East

Township 13 South



Legend

- Drill Hole Location
- ⊙ Brass Cap (Found)
- Brass Cap (Searched for, but not found)
- △ Calculated Corner
- () GLO
- GPS Measured

NOTE:
UTM AND LATITUDE / LONGITUDE COORDINATES
ARE DERIVED USING A GPS WASS SYSTEM AND
ARE SHOWN IN NAD 27 DATUM.

LAT/LONG
39°39'56"N
110°39'41"W

Location:

THE WELL LOCATION WAS DETERMINED USING A TRIMBLE
4700 GPS SURVEY GRADE UNIT.

Basis of Bearing:

THE BASIS OF BEARING IS GPS MEASURED.

GLO Bearing:

THE BEARINGS INDICATED ARE PER THE RECORDED PLAT
OBTAINED FROM THE U.S. LAND OFFICE.

Basis of Elevation:

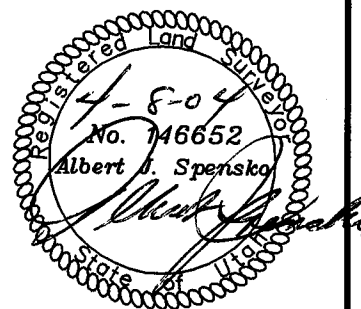
BASIS OF ELEVATION OF 5974' BEING AT THE SOUTHWEST
CORNER OF SECTION 26, TOWNSHIP 13 SOUTH, RANGE 11 EAST,
SALT LAKE BASE & MERIDIAN, AS SHOWN ON THE DEADMAN
CANYON QUADRANGLE 7.5 MINUTE SERIES MAP.

Description of Location:

PROPOSED DRILL HOLE LOCATED IN THE NW 1/4, SW 1/4 OF
SECTION 26; BEING 2031.01' NORTH AND 587.27' EAST FROM
THE SOUTHWEST CORNER OF SECTION 26, T13S, R11E, SALT
LAKE BASE AND MERIDIAN.

Surveyor's Certificate:

I, ALBERT J. SPENSKO, A REGISTERED PROFESSIONAL
LAND SURVEYOR, HOLDING CERTIFICATE 146652
STATE OF UTAH, DO HEREBY CERTIFY THAT THE
INFORMATION ON THIS DRAWING IS A TRUE AND
ACCURATE SURVEY BASED ON DATA OF RECORD AND
WAS CONDUCTED UNDER MY PERSONAL DIRECTION
AND SUPERVISION AS SHOWN HEREON.



Talon Resources, Inc.

195 North 100 West
Huntington, Utah 84528
Ph: 435-687-5310
Fax: 435-687-5311

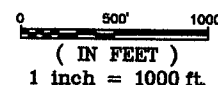
**WHITMAR EXPLORATION
COMPANY**

WELL #26-3

Section 26, T13S, R11E, S.L.B.&M.
Carbon County, Utah

Drawn By: J. STANSFIELD	Checked By: L.W.J./A.P.C.
Drawing No. A-1	Date: 04/07/04
	Scale: 1" = 1000'
Sheet 1 of 4	Job No. 1294

GRAPHIC SCALE



WhitMar Exploration Company
Well No. 26-3
Lease U-80556
NW/SW Section 26, T13S, R11E
Carbon County, Utah

A COMPLETE COPY OF THIS PERMIT SHALL BE KEPT ON LOCATION from the beginning of site construction through well completion, and shall be available to contractors to ensure compliance.

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be advised that WhitMar Exploration Company is considered to be the operator of the above well and is responsible under the terms and conditions of the lease for the operations conducted on the leased lands.

Bond coverage for this well is provided by **UTB000115** (Principal – WhitMar Exploration Company) via surety consent as provided for in 43 CFR 3104.2.

This office will hold the aforementioned operator and bond liable until the provisions of 43 CFR 3106.7-2 continuing responsibility are met.

This permit will be valid for a period of one year from the date of approval. After permit termination, a new application must be filed for approval.

All lease operations will be conducted in full compliance with applicable regulations (43 CFR 3100), Onshore Oil and Gas Orders, lease terms, notices to lessees, and the approved plan of operations. The operator is fully responsible for the actions of his subcontractors.

A. DRILLING PROGRAM

1. The proposed 2M BOPE is adequate for anticipated conditions. Installation, testing and operation of the system shall be in conformance with Onshore Oil and Gas Order No. 2.
2. Concurrent approval from the State of Utah, Division of Oil, Gas & Mining (DOGM) is required before conducting any surface disturbing activities.
3. When drilling with air, the requirements of Onshore Oil and Gas Order No. 2, part III, E, Special Drilling Operations, shall apply. Among the requirements in this section are:
 - Spark arresters
 - Blooie line discharge 100 feet from wellbore
 - Straight blooie line
 - Deduster equipment
 - Float valve above bit
 - Automatic igniter on the blooie line
4. If cement does not circulate to surface on the production casing, a cement bond log (CBL), or other appropriate tool for determining top-of-cement, shall be run and shall be submitted to BLM.

Conditions of Approval:

SURFACE USE

1. The following seed tables in the Standard Operating Practices shall be followed as conditions of approval:

Table 1, Seed Mixture for borrow ditches, edges of drill pads.

Table 2, Seed Mixtures for Final Reclamation

2. The following wildlife stipulations in the Standard Operating Practices shall be followed as conditions of approval:

EMP 16 & 17, Winter Seasonal Restriction on Crucial & High Priority Winter
Range

EMP 19, Critical Winter Range Browse Hand Planting

3. Whether the pit shall be lined shall be determined at the time of construction.
4. Within six months of installation, surface structures shall be painted in the following flat, earth tone color: Olive Black (5WA20-6). This Fuller O'Brien color is for reference only. Any brand of paint may be used provided the colors match. Any facilities that must be painted to comply with OSHA standards are exempt.
5. Complete a sensitive species survey for the Creutzfeldt-flower and the Book Cliffs blazing star across all areas proposed to be affected having the proper habitat characteristics. A report detailing the findings of the survey would be submitted to the BLM prior to site development and construction. Basic elements of the survey and report are as follows.
 - a. Observe Creutzfeldt-flower and Book Cliffs blazing star populations in type habitats during the flowering period (late April through June). Note the physical characteristics of the species and the habitat elements these species prefer. Complete a descriptive photographic log.
 - b. Identify the location of all habitats suitable for supporting these species on a project vegetation map. Both soil and vegetation site characteristics would be considered. Only those areas within the project area proposed for disturbance, along with suitable buffer, would be subject to a survey.
 - c. Complete a pedestrian survey (100 percent coverage) of each identified potential habitat.
 - d. Prepare and submit a report to the BLM detailing the survey methodology and the results of the survey. Any Creutzfeldt-flower or Book Cliffs blazing star populations found during the survey would be located on a project map and photographed for descriptive purposes.

Should any populations of these species be found within proposed disturbed areas, consideration should be given to moving the proposed disturbance to avoid any impact to this species.

6. Mule deer on critical or high priority winter ranges shall be protected by seasonal restrictions on construction from December 1 through April 15 where federal permits are required.
7. Prior to any construction activities between February 1 and July 1 within 0.5 mile of golden eagle nest site, the nest should be checked to determine its activity status. If nest is occupied, construction should not occur within 0.5 mile of the nest during the nesting season (February 1 through August 1).
8. If water sources emanating from the Ferron Sandstone are identified in the future an inventory shall be conducted and a monitoring plan developed and implemented as appropriate.
9. The proposed action is within critical winter range and the surface disturbance associated with the project exceeds that which was analyzed and mitigated for in the EIS. Since this surface disturbance has not been mitigated for in the EIS, the action is subject to the acre for acre mitigation for surface disturbance on critical winter range as provided for in the Price River Resource Management Framework Plan. The proponent shall complete a wildlife enhancement project designed to mitigate impact on big game critical winter range at the rate of one acre of enhancement for each acre of disturbance. Acceptable projects may include vegetative manipulation designed to increase winter forage or other winter range habitat enhancements to improve big game distribution patterns. Projects shall be completed the same calendar year as the surface disturbing activity taking place. All aspect of project design and implementation, NEPA compliance, project shall be the responsibility of the proponent. Projects proposed by the proponent must be completed on public land and approved in advance by the Authorized Office of the BLM.
10. WhitMar shall follow Section 2.2.7, Applicant Proposed Mitigation and Environmental Protection Measure, as described in January 2005 WhitMar Exploration Company's North Coal Creek Coalbed Methane Drilling Project Environmental Assessment (UT-070-224-45).

GENERAL CONSTRUCTION

1. Operator shall contact the Price BLM Office at least forty-eight hours prior to the anticipated start of construction and/or any surface disturbing activities. The BLM may require and schedule a preconstruction conference with the operator prior to the operator commencing construction and/or surface disturbing activities. The operator and the operator's contractor, or agents involved with construction and/or any surface disturbing activities associated with the project, shall attend this conference to review the

Conditions of Approval and plan of development. The operator's inspector will be designated at the pre-drill conference, and is to be given an approved copy of all maps, permits and conditions of approval before the start of construction. The BLM will also designate a representative for the project at the preconstruction conference.

2. The operator shall designate a representative(s) who shall have the authority to act upon and to implement instructions from the BLM. The operator's representative shall be available for communication with the BLM within a reasonable time when construction or other surface disturbing activities are underway.
3. Any cultural and/or paleontological resource (historic or prehistoric site or object) discovered by the operator, or any person working on his behalf, on public land is to be immediately reported to the Price BLM Office. The operator will suspend all operations in the immediate area of such discovery until written authorization to proceed is issued by the Price BLM Office. An evaluation of the discovery will be made by the BLM to determine appropriate actions to prevent the loss of significant cultural or scientific values. The operator is responsible for the cost of evaluation of any site found during construction. The BLM will determine what mitigation is necessary.
4. During project construction, surface disturbance and vehicle travel shall be limited to the approved location and access routes. Any additional area needed must be approved by the Price BLM Office prior to use.
5. The operator must provide a trash cage for the collection and containment of all trash. The trash shall be disposed in an authorized landfill. The location and access roads shall be kept litter free.
6. Vegetation removal necessitated by construction shall be confined to the limits of actual construction. Removed vegetation will be stockpiled for use in reclamation or removed from the construction site at the direction of the BLM.
7. During drilling and completion operations, erect derrick structures would be illuminated from dusk to dawn as a safety precaution to low flying aircraft.
8. Minimize road width cuts.
9. Minimize pumping unit height, when possible.
10. Minimize well pad size when possible.
11. Use feathering to soften linear lines to create more natural contours for well pads.
12. Use natural vegetation to screen out other undesirable views.
13. Revegetate disturbed soils promptly.

14. Blend soil disturbance into natural topography to achieve natural appearance, reduce erosion, and rehabilitate ground cover.
15. Prior to surface disturbance, topsoil is to be separately removed and segregated from other material. Topsoil depth will be decided onsite by BLM. If the topsoil is less than 6 inches, a 6-inch layer that includes the A horizon and the unconsolidated material immediately below the A horizon shall be removed and the mixture segregated and redistributed as the surface soil layer.

Generally topsoil shall be stored within the pad site or adjacent to access roads. The company in consultation with BLM shall determine stockpile locations and dimensions at the onsite. If the topsoil stockpiles will not be redistributed for a period in excess of one (1) year, the stockpiles are to be seeded with seed mixture as described on Table 1 (attached).

ROAD and PIPELINE CONSTRUCTION

16. Operator shall provide an inspector under the direction of a registered professional engineer (PE) at all times during road construction. A PE shall certify (statement with PE stamp) that the road was constructed to the required Bureau of Land Management (BLM) road standards.
17. Road construction or routine maintenance activities are to be performed during periods when the soil can adequately support construction equipment. If such equipment creates ruts more than 6 inches deep, the soil is deemed too wet to adequately support construction equipment.
18. The operator is responsible for maintenance of all roads authorized through the lease or a right-of-way. Construction and maintenance shall comply with Class II or III Road Standards as described in BLM Manual Section 9113 and the Moab District Road Standards, except as modified by BLM. Maintenance may include but is not limited to grading, applying gravel, snow removal, ditch cleaning, and headcut restoration/prevention.
19. Topsoil from access roads and pipelines are to be wind rowed along the uphill side of the road or stored in an approved manner. When the road and pipeline is rehabilitated, this soil will then be used as a top coating for the seed bed.
20. Erosion-control structures such as water bars, diversion channels, and terraces will be constructed to divert water and reduce soil erosion on the disturbed area. Road ditch turnouts shall be equipped with energy dissipators as needed to avoid erosion. Where roads interrupt overland sheet-flow and convert this runoff to channel flow, ditch turnouts shall be designed to reconvert channel flow to sheet flow. Rock energy dissipators and

gravel dispersion fans may be used, or any other design which would accomplish the desired reconversion of flow regime. As necessary cut banks, road drainages, and road crossings shall be armored or otherwise engineered to prevent headcutting.

21. In the event construction can't be completed prior to winter closures, measures to prevent erosion from upcoming spring snowmelt should be taken as follows:
 - a. Loose earth and debris must be removed from drainages, and flood plains. Earth and debris should not be stockpiled on drainage banks.
 - b. Road drainages should be checked to ensure there are none with uncontrolled outlet.
 - c. Be sure all ditch drainages have an outlet to prevent ponding. If necessary, build temporary sediment ponds to capture runoff from unreclaimed areas. Re-route ditches as needed to avoid channeling water through loosened soil.

PAD CONSTRUCTION

22. During the construction of the drill pad, suitable topsoil material is to be stripped and conserved in a stockpile on the pad. If stockpiles are to remain for more than a year, they shall be seeded with the seed mixture in Table 1, attached.
23. Generally, drill pads are to be designed to prevent overland flow of water from entering or leaving the site. The pad is to be sloped to drain spills and water into the reserve pit. The drill pad shall be designed to disperse diverted overland flow and to regulate flow velocity so as to prevent or minimize erosion. Well pad diversion outlets shall be equipped with rock energy brakes and gravel-bedded dispersion fans.
24. BMPs for erosion control and hydrologic protection would be implemented during the construction, operation and reclamation of the project facilities. Drill pads and facility sites should be positioned, designed and constructed to prevent overland flow of water from entering or leaving the site. Stormwater collected on disturbed sites should be prevented from flowing off the site. Spills and leaks would be cleaned up to prevent pollution of surface or groundwater.

REHABILITATION PROCEDURES

Site Preparation

- 25.. The entire roadbed should be obliterated and brought back to the approximate original contour. Drainage control is to be reestablished as necessary. All areas affected by road construction are to be recontoured to blend in with the existing topography. All berms are to be removed unless determined to be beneficial by BLM. In recontouring the disturbed areas, care should be taken to not disturb additional vegetation.

Seedbed Preparation

26. An adequate seedbed should be prepared for all sites to be seeded. Areas to be revegetated should be chiseled or disked to a depth of at least 12 inches unless restrained by bedrock.
27. Ripping of fill materials should be completed by a bulldozer equipped with single or a twin set of ripper shanks. Ripping should be done on 4-foot centers to a depth of 12 inches. The process should be repeated until the compacted area is loose and friable, and then shall be followed by final grading. Seedbed preparation will be considered complete when the soil surface is completely roughened and the number of rocks (if present) on the site is sufficient to cause the site to match the surrounding terrain.
28. After final grading, the stockpiled topsoil shall be spread evenly across the disturbed area.

Fertilization

29. Commercial fertilizer with a formula of 16-16-8 is to be applied at a rate of 200 pounds per acre to the site. The rate may be adjusted depending on soil.
30. Fertilizer is to be applied not more than 48 hours before seeding, and shall be cultivated into the upper 3 inches of soil.
31. Fertilizer is to be broadcast over the soil using hand-operated "cyclone-type" seeders or rotary broadcast equipment attached to construction or revegetation machinery as appropriate to slope. All equipment should be equipped with a metering device. Fertilizer application is to take place before the final seeding preparation treatment. Fertilizer broadcasting operations should not be conducted when wind velocities would interfere with even distribution of the material.

Mulching

32. When it is time to reclaim this location, the Price BLM Office will determine whether it will be necessary to use mulch in the reclamation process. The type of mulch should meet the following requirements: Wood cellulose fiber shall be natural or cooked, shall disperse readily in water, and shall be nontoxic. Mulch shall be thermally produced and air dried. The homogeneous slurry or mixture shall be capable of application with power spray equipment. A colored dye that is noninjurious to plant growth may be used when specified. Wood cellulose fiber is to be packaged in new, labeled containers. A minimum application of 1500 pounds per acre shall be applied. A suitable tackifier shall be applied with the mulch at a rate of 60 to 80 pounds per acre.

An alternative method of mulching on small sites would be the application of straw or hay mulch at a rate of 2000 pounds per acre. Hay or straw shall be

certified weed free. Following the application of straw or hay, crimping shall occur to ensure retention.

Reseeding

33. All disturbed areas are to be seeded with the seed mixture required by the BLM. The seed mixture(s) shall be planted in the fall of the year (Sept-Nov), in the amounts specified in pounds of pure live seed (PLS)/acre. There shall be no noxious weed seed in the seed mixture. Seed will be tested and the viability testing of seed shall be done in accordance with State law(s) and within 12 months prior to planting. Commercial seed will be either certified or registered seed. The seed mixture container shall be tagged in accordance with State law(s) and available for inspection by the BLM. Seed is to be planted using a drill equipped with a depth regulator to ensure proper depth of planting where drilling is possible. The seed mixture shall be evenly and uniformly planted over the disturbed area. (Smaller/heavier seeds tend to drop to the bottom of the drill and are planted first. Appropriate measures should be taken to ensure this does not occur.) Where drilling is not possible, seed is to be broadcast and the area raked or chained to cover the seed. Woody species with seeds that are too large for the drill will be broadcast. When broadcasting the seed, the pounds per acre noted below are to be increased by 50 percent. Reseeding may be required if a satisfactory stand is not established to the surface rights owner's specifications. Evaluation of the seeding's success will not be made before completion of the second growing season after the vegetation becomes established. The Price BLM Office is to be notified a minimum of seven days before seeding a project.
34. The disturbed areas for the road and pipeline must be seeded in the fall of the year, immediately after the topsoil is replaced. The prescribed seed mixture to be used, depending upon vegetation type disturbed, is depicted in the attached Table 1 and Table 2.

General

35. Prior to the use of insecticides, herbicides, fungicides, rodenticides and other similar substances, the operator must obtain from BLM, approval of a written plan. The plan must describe the type and quantity of material to be used, the pest to be controlled, the method of application, the location for storage and disposal of containers, and other information that BLM may require. A pesticide may be used only in accordance with its registered uses and within other agency limitations. Pesticides must not be permanently stored on public lands

The following seed mixture would be planted along service road borrow ditches, around the edges of drill pads with a production well, and surrounding other production and maintenance facilities. The purpose for this is to provide a "green strip" buffer to minimize fire hazards and prevent invasion and establishment of noxious weeds in areas that will receive continued disturbance for the life of these areas.

Table A-1

Common Plant Name	Scientific Name	Pounds per acre (PLS)
Forage kochia	<i>Kochia prostrata</i>	2
Wyoming big sagebrush	<i>Artemisia tridentata wyomingensis</i> var. Gordon Creek	1
Douglas low rabbitbrush	<i>Chrysothamnus viscidiflorus</i>	1
TOTAL		4

Table A-2

Common Plant Name	Scientific Name	Pounds per acre (PLS) ¹
Salt Desert Areas		
<i>Grasses</i>		
Indian ricegrass	<i>Stipa hymenoides</i>	2
Squirreltail	<i>Elymus elymoides</i>	2
Galleta	<i>Hilaria jamesii</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
Gooseberryleaf globemallow	<i>Sphaeralcea grossulariifolia</i>	0.5
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Rubber rabbitbrush	<i>Chrysothamnus nauseosus</i>	1
Fourwing saltbush	<i>Atriplex canescens</i>	2
Winterfat	<i>Krascheninnikovia (Eurotia) lanata</i>	2
	TOTAL	15.5
Sagebrush/Grass Areas		
<i>Grasses</i>		
Indian ricegrass	<i>Stipa hymenoides</i>	2
Squirreltail	<i>Elymus elymoides</i>	2
Thickspike wheatgrass	<i>Elymus lanceolatus</i>	1
Crested wheatgrass	<i>Agropyron desertorum</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
Small burnet	<i>Sanguisorba minor</i>	1
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Whitestem rabbitbrush	<i>Chrysothamnus nauseosus albicaulis</i>	1
Fourwing saltbush	<i>Atriplex canescens</i>	2
	TOTAL	15

Table A-2 (continued)

Common Plant Name	Scientific Name	Pounds per acre (PLS) ¹
Pinyon-Juniper Areas		
<i>Grasses</i>		
Thickspike wheatgrass	<i>Elymus lanceolatus</i>	1.5
Intermediate wheatgrass	<i>Elytrigia intermedia</i>	1.5
Squirreltail	<i>Elymus elymoides</i>	2
Crested wheatgrass	<i>Agropyron desertorum</i>	2
<i>Forbs</i>		
Lewis flax	<i>Linum perenne lewisii</i>	1
Palmer penstemon	<i>Penstemon palmerii</i>	1
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Fourwing saltbush	<i>Atriplex canescens</i>	2
Wyoming big sagebrush	<i>Artemisia tridentata wyomingensis</i> var. Gordon Creek	1
Antelope bitterbrush	<i>Purshia tridentata</i>	1
	TOTAL	15
Mountain Brush Areas		
<i>Grasses</i>		
Sheep fescue	<i>Festuca ovina</i>	2
Smooth brome	<i>Bromus inermis</i>	2
Slender wheatgrass	<i>Elymus trachycaulus</i>	2
Intermediate wheatgrass	<i>Elytrigia intermedia</i>	1.5
Russian wildrye	<i>Psathyrostachys juncea</i>	1
<i>Forbs</i>		
Lewis flax	<i>Limum perenne lewisii</i>	1
Rocky Mt. penstemon	<i>Penstemon strictus</i>	1
Sainfoin	<i>Onobrychis viciifolia</i>	0.5
<i>Shrubs</i>		
Forage kochia	<i>Kochia prostrata</i>	2
Wyoming big sagebrush	<i>Artemisia tridentata wyomingensis</i> var. Gordon Creek	0.5
Antelope bitterbrush	<i>Purshia tridentata</i>	1
Mountain big sagebrush	<i>Artemisia tridentata</i> var. <i>vaseyana</i>	0.5
True Mt. mahogany	<i>Cercocarpus montanus</i>	1
	TOTAL	16

FERRON NATURAL GAS PROJECT AREA

PROPONENT: _____ WELL #: _____

EPM 16 & 17: WINTER SEASONAL RESTRICTION (DECEMBER 1 to APRIL 15) ON CRUCIAL AND HIGH PRIORITY WINTER RANGE.

Pg 1 of 1

Restrictions on Construction Phase Activity: Prohibit construction phase activity, described below, on big game high value and critical winter range during the period (December 1 - April 15) without regard for land ownership.

This condition would not apply to normal maintenance and operation of producing wells, described below. On nonfederal lands (where the federal government does not have either surface or subsurface ownership) the Companies would be allowed to conduct construction phase activity if needed to avoid breach of contract or loss of lease rights. In the event construction phase activity proceeds into the winter closure period on non federal interest lands, Companies would make available appropriate documentation to UDWR, upon request.

Construction Phase Activity: Construction phase activity is considered to include all work associated with initial drilling and construction of facilities through completion, including installation of pumping equipment, connection with ancillary facilities and tie-in with pipelines necessary for product delivery.

Companies would not be allowed to initiate construction activity unless it is reasonable to believe that such work can be finished to a logical stopping point prior to December 1 of that year. Specific activities considered to be covered by the seasonal closure include all heavy equipment operation including but not limited to the following:

- Mobilization/Demobilization or operation of heavy equipment (crawler tractor, front end loader, backhoe, road grader, etc.)
- Construction activity (road construction or upgrading, pad, pipeline, powerline, ancillary facilities, etc.),
- Drilling activity (Operator would not propose or initiate drilling activity if the project could not reasonably be expected to be finished to a logical stopping point by the December 1 date of that year.)
- Seismic operation, detonation of explosives

This seasonal closure would not apply to reconnaissance, survey/design and/or flagging of project work or other similar activity not requiring actions listed for heavy equipment operation.

Production Phase: A well is considered to be in production phase when the well and ancillary facilities are completed to the point that they are capable of producing and delivering product for sale. It is noted that heavy equipment operation may be necessary in the performance of maintenance and operation of producing wells.

Restriction on Non Emergency Workover Operations: The Companies will schedule non-emergency workover operations (defined below) on big game crucial and high value winter range outside the December 1 to April 15 date of the seasonal closure.

Non-emergency Workover Operations: Workover operations to correct or reverse a gradual loss of production over time (loss of production of 20 percent or less over a 60 day period) is considered to be routine or non-emergency workover operations and would not be permitted during the December 1 to April 15 time frame.

Emergency Workover Operations: Emergency work over operations are defined as downhole equipment failure problems or workover operation necessary to avoid shut in of the well or to avoid an immediate safety or environmental problem. Loss of production greater than 20 percent within a 60 day period is indicative of pump failure and will be treated as an emergency workover operation. The Companies will submit Sundry notices to BLM within five days of the emergency workover operations between December 1 and April 15.

FERRON NATURAL GAS PROJECT AREA

PROPONENT: _____ WELL #: _____

EPM 19: CRITICAL WINTER RANGE BROWSE HAND PLANTING

Pg 1 of 1

One or two browse species lists (checked below) are to be hand planted at the prescribed application rate and according to the following prescribed methods on critical winter range areas that are undergoing long term reclamation. This would include all pipeline corridors, berm around edge of drill pads, miscellaneous disturbed areas associated with construction such as staging areas for equipment, sidecast on road cuts, along side upgraded or new roads up to and including borrow ditch and in the termination of redundant access roads being closed. This planting shall be completed in the first planting window following reclamation.

Planting Methods:

Planting shall be accomplished using a labor force with specific experience in landscape restoration, hand planting methods and handling and care of browse tubling and or bareroot stock plants.

Browse plants to be utilized can be bareroot stock or tubling stock plants of 1 year old age class or greater.

Browse seedling protectors will be used to provided protection from browsing ungulates for two years. Seedling protectors will be of an open mesh rigid design that will break down when exposed to sunlight and that measures a minimum of 12 inches in length and 4 inches in diameter. The protectors will be secured around the browse seedlings.

Planting shall be completed in the spring (March 1- April 1) and or fall (November 1- December 1) planting windows.

Browse plants shall be stored and handled in such a manner as to maintain viability, according to the type of browse stock being used.

Planting Species and Application Rate:

<u>Species</u>	<input type="checkbox"/> Sagebrush-Grass <input type="checkbox"/> Pinyon-Juniper	
	<u>Plants Per Acre</u>	
Wyoming Sagebrush (Gordon Creek)	100	50
Fourwing Saltbush (Utah seed source collected at or above 5,000 feet elevation)	100	50
True Mountain Mahogany (Utah seed source)	0	50
Antelope Bitterbrush (Utah seed source)	0	50
Total	200	200

Suitable Substitutions:

Prostrate Kochia	yes	yes
Whitestem Rubber Rabbitbrush	no	yes
Utah Serviceberry	no	yes
Winterfat	yes	no

Applicant Proposed Mitigation and Environmental Protection Measures

WhitMar has committed to perform a future acre for acre wildlife enhancement mitigation project for all areas disturbed through the implementation of the proposed action (BLM Environmental Assessment - East Coal Creek Fuel Treatment Plan - EA: UT-070-2002-32).

The location of Proposed Action Area: East Coal Creek Fuel Treatment Project is shown in Appendix 2.

The applicant has proposed mitigation for an 80 acre portion of the East Coal Creek Treatment Project (See Appendix 2). The planned seeding treatment will be with ATV's or aerial methods would be designed to inhibit the establishment of flammable (hazardous fuel) annual plants. See Table 3.

Table 3: Mitigation Area Seed Mix

Grasses	
Indian Ricegrass	2.0 lbs/acre
Needle and Thread	2.0 lbs/acre
Alkali Sacaton	1.0 lbs/acre
Galletta	1.0 lbs/acre
Shrubs	
Forage Kochia	0.5 lbs/acre
Winterfat	2.0 lbs/acre
Fourwing Saltbrush	2.0 lbs/acre
Wyoming Big Sagebrush	0.5 lbs/acre

Well location 27-3 is located within the proposed mitigation area.

The applicant has further proposed to utilize the existing access route into the area previously constructed for the construction and maintenance of the high-tension power line corridor that traverses the canyon and transports electricity to the now abandon Knight Ideal mine site. The applicant has communicated with the owner of the power line and has made agreements for the shared utilization and safety of the power line during development activities. The location of drill sites and related production facilities is situated to maximize optimum production of the methane resource within the production area while minimizing disturbance to the area.

The applicant has proposed mitigation for the Area 2 project by proposing one gate near the 27-4 well (on private property) to be locked year round in order to keep the route from becoming utilized for recreation purposes. The locked gate is also for public safety and to protect company assets. The gate would be

maintained to prevent additional traffic in the area and a sign would be placed on the opposite end of the route warning of the locked gate ahead to deter turning around on the proposed route.

The following protective measures have been adopted by WhitMar to address specific resource values and environmental concerns associated with the Proposed Action. As previously mentioned, these protective measures are modeled after the FNGP FEIS.

Control of Noxious Weeds:

To prevent noxious weed seed from coming into the area, construction equipment and vehicles would be power-washed prior to coming into the Project Area.

During project operation, the disturbed areas would be inspected monthly by the operator to ensure that noxious weeds do not become established. Control methods would be based on available technology, taking into consideration the weed species present and BLM requirements. The operator will be accountable for control of noxious weeds

Wildlife:

WhitMar would consult with the BLM and DWR and would comply with wildlife protection measures developed during that consultation. Project activities would be conducted in compliance with applicable requirements of the Endangered Species Act of 1973, as amended. Project personnel would be subject to the following requirements: no harassing or shooting of wildlife; no dogs may be brought to the project area; no firearms permitted; and no littering. Activities other than maintenance and operation of producing wells would not be conducted in elk or mule deer crucial winter range from ~~November 15~~ ^{December 1} through ~~April 1~~ ^{April 15}, unless the appropriate Authorized Officer grants an exception. *Jan*

Livestock Grazing:

All gates on federal lands within the project area will be replaced with cattleguards with side gates for livestock access (see Appendix 2-Project Area Map for location of cattleguards). Damage to existing fences and other range improvements as a result of the project would be immediately repaired per landowner specifications. If a fence crossing is required for a location absent a gate, the fence would be cut and H-braces would be installed to support the existing fence and, if livestock are present, a temporary gate would be installed to prevent livestock movement from appropriate pastures. Upon termination of project activities, the temporary opening or gate would be permanently rewired and stretched to their original tension. WhitMar personnel would be instructed to minimize contact and avoid harassment of livestock.

Geology and Soils:

Best management practices would be used to minimize erosion and soil loss during construction (e.g., silt fencing, straw bales, and revegetation).

Topsoil would be stripped and stockpiled at the well pads and along the corridors for use in reclamation. 30% of the well pad would be reclaimed following well completion. See table 3 for seed mixture.

Subsurface ripping would be used to reduce compaction prior to replacement of the topsoil and reseeding.

No surface disturbing activities would be conducted during periods when the soil is too wet to adequately support equipment. If such equipment creates ruts in excess of six (6) inches deep, the soil would be deemed too wet to adequately support the equipment and installation would cease until dryer or frozen conditions are encountered.

Water Quality:

A survey of springs along the Ferron outcrop may be conducted in the spring of 2005 and monitoring implemented based upon results as may be determined by the authorized officer.

Visual Resources:

For reducing visual contrast, all surface facilities would be painted Olive Black (or color stipulated by the BLM), a flat, non-reflective standard environmental color. This would include all facilities except those required to comply with Occupational Safety and Health Administration (OSHA) regulations. Additionally, facilities will be located to utilize the existing topography and vegetation to further protect visual resources.

Health and Safety:

All OSHA regulations would be followed during construction of the project.

Fuel/fire Management:

During the activities of road maintenance, new road construction or the construction of well pads, if any standing live or dead trees are damaged, cut down or knocked over by grading or construction equipment, actions would be taken to remove the vegetation from the road or pad edge. These materials must either be chipped on site and dispersed along the road or pad edge or hauled to BLM approved locations and piled for disposal in a manner that would not present a fuel hazard.

Vegetation piled in an approved location would provide an opportunity for firewood cutting and collection or allow the BLM to burn the piles during wet conditions when the risk for fire spread would be minimal. This would normally take place during the winter months after the piled vegetation had cured out to aid in the consumption of the pile. Piles must be located in openings so that no pile would be within 30 feet of standing live trees. The piled vegetation must also be located adjacent to and accessible by road.

C. REQUIRED APPROVALS, REPORTS AND NOTIFICATIONS

Required verbal notifications are summarized in Table 1, attached.

Building Location- Notify the Price Field Office at least 48-hours prior to commencing construction of location.

Spud- Notify the Price Field Office 24-hours prior to spudding. Submit written notification of spud (Sundry Notice, Form 3160-5) to the Moab Field Office within 24-hours after spudding, regardless of whether spud was made with a dry hole digger or big rig.

Daily Drilling Reports- Daily drilling reports that describe the progress and status of the well shall be submitted to the Moab Field Office on a weekly basis. This report may be in any format customarily used by the operator.

Oil and Gas Operations Reports (OGORs)- Production from this well shall be reported to Minerals Management Service (MMS) on a monthly basis.

Sundry Notices- Any modification to the proposed drilling program shall be submitted to the Moab Field Office on a Sundry Notice (Form 3160-5). Regulations at 43 CFR 3162.3-2 describe which operations require prior approval, and which require notification.

Drilling Suspensions- Operations authorized by this permit shall not be suspended for more than 30 days without prior approval of the Moab Field Office. All conditions of this approval shall be applicable during any operations conducted with a replacement rig.

Undesirable Events- Spills, blowouts, fires, leaks, accidents, or any other unusual occurrences shall be immediately reported to the BLM in accordance with requirements of NTL-3A.

Cultural Resources- If cultural resources are discovered during construction, immediately notify the Price Field Office, and work that might disturb the cultural resources shall cease.

First Production- A first production conference will be scheduled as soon as the productivity of the well is apparent. This conference should be coordinated through the Price Field Office.

Notify the Moab Field Office when the well is placed into production. Initial notification may be verbal, but must be confirmed in writing within five business days. Please include the date production started, the producing formation and production volumes.

Well Completion Report- Whether the well is completed as a dry hole or as a producer, a *Well Completion or Recompletion Report and Log* (Form 3160-4) shall be submitted to the Moab Field Office within thirty-days after completion of the well. Two copies of all logs, core descriptions, core analyses, well test data, geologic summaries, sample description, and all other surveys or data obtained and compiled during the drilling, workover, and/or completion operations, will be filed with Form 3160-4. When requested, samples (cuttings and/or samples) will be submitted to the Moab Field Office.

Venting/Flaring of Gas- Gas produced from this well may not be vented/flared beyond an initial, authorized test period of 30 days or 50 MMcf, whichever first occurs, without the prior, written approval of the Moab Field Office. Should gas be vented or flared without approval beyond the authorized test period, the well may be ordered to be shut-in until the gas can be captured or until approval to continue the venting/flaring pursuant to NTL-4A is granted. Compensation shall be due for gas that is vented/flared without approval.

Produced Water- An application for approval of a permanent disposal method and location will be submitted to the Moab Field Office for approval pursuant to Onshore Oil and Gas Order No.7.

Off-Lease Measurement, Storage, Commingling- Prior approval must be obtained from the Moab Field Office for off-lease measurement, off-lease storage and/or commingling of production prior to the sales measurement point. The term "commingling" describes both the combining of production from different geologic zones and/or combining production from different leases or agreement areas.

Plugging and Abandonment- If the well is a dry hole, plugging instructions must be obtained from the Moab Field Office prior to initiating plugging operations.

A "Subsequent Report of Abandonment" (Sundry Notice, Form 3160-5) will be filed with the Moab Field Office within thirty-days following completion of the well for abandonment. This report will indicate where plugs were placed and the current status of surface restoration. Upon completion of approved plugging, a regulation marker will be erected in accordance with 43 CFR 3162.6. Final abandonment will not be approved until the surface reclamation work required by the approved APD or approved abandonment notice has been completed to the satisfaction of the Price Field Office or the appropriate surface managing agency.

TABLE 1

NOTIFICATIONS

Notify Don Stephens (435-636-3608) of the BLM Price Field Office for the following:

1 day prior to spudding;

50 feet prior to reaching the surface casing setting depth;

If the person at the above number cannot be reached, notify the BLM Moab Field Office at 435-259-2100.

Well abandonment operations require 24-hour advance notice and prior approval. In the case of newly drilled dry holes, verbal approval can be obtained from:

Eric Jones, Petroleum Engineer

Office: 435-259-2117

Home: 435-259-2214

CONFIDENTIAL

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: <u>Utu 80556</u>
2. NAME OF OPERATOR: WhitMar Exploration Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME:
3. ADDRESS OF OPERATOR: 555 17th Street, Ste 880 CITY <u>Denver</u> STATE <u>CO</u> ZIP <u>80202</u>		7. UNIT or CA AGREEMENT NAME:
4. LOCATION OF WELL FOOTAGES AT SURFACE: <u>2031' FSL 587' FWL</u>		8. WELL NAME and NUMBER: <u>26-3</u>
QTR/QR, SECTION, TOWNSHIP, RANGE, MERIDIAN: <u>NNNW 26 13S 11E</u>		9. API NUMBER: <u>4300730957</u>
COUNTY: <u>Carbon</u>		10. FIELD AND POOL OR WILDCAT:
STATE: <u>UTAH</u>		

CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: <u>10/19/2005 spud</u>
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

RECEIVED
OCT 21 2005
DIV. OF OIL, GAS & MINING

NAME (PLEASE PRINT) <u>Khristina Morrissey</u>	TITLE <u>Office Manager</u>
SIGNATURE <u>Khristina Morrissey</u>	DATE <u>10/20/2005</u>

(This space for State use only)

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 6

ENTITY ACTION FORM

Operator: WhitMar Exploration Company
Address: 555 17th Street, Suite 880
city Denver
state CO zip 80202

Operator Account Number: N 2585

Phone Number: (303) 991-9400

Well 1

API Number	Well Name		QQ	Sec	Twp	Rng	County
4300730957	26-3		NW 1/4	26	13S	11E	Carbon
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
A	99999	15014	10/19/2005		10/27/05		
Comments: <u>FRSD</u> CONFIDENTIAL J							

Well 2

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

Well 3

API Number	Well Name		QQ	Sec	Twp	Rng	County
Action Code	Current Entity Number	New Entity Number	Spud Date		Entity Assignment Effective Date		
Comments:							

RECEIVED

OCT 27 2005

ACTION CODES:

- A - Establish new entity for new well (single well only)
- B - Add new well to existing entity (group or unit well)
- C - Re-assign well from one existing entity to another existing entity
- D - Re-assign well from one existing entity to a new entity
- E - Other (Explain in 'comments' section)

Kristina Morrissey

DIV. OF OIL, GAS & MINING

Name (Please Print)

Kristina Morrissey

Signature

Office Manager

10/20/2005

Title

Date

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

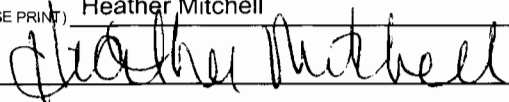
1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER UTU80556
2. NAME OF OPERATOR: WhitMar Exploration Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 555 17th Street, Suite 880 Denver CO 80202		7. UNIT or CA AGREEMENT NAME: N/A
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2,031' FSL, 587' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NWSW 26 13S 11E S		8. WELL NAME and NUMBER: 26-3
PHONE NUMBER: (303) 991-9400		9. API NUMBER: 4300730957
		10. FIELD AND POOL, OR WILDCAT: undesignated
		COUNTY: Carbon
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: 1/24/2006	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion:	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input checked="" type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input type="checkbox"/> OTHER: _____
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Well completed and online. Date of first production 1/24/06

NAME (PLEASE PRINT) Heather Mitchell	TITLE Administrative Assistant
SIGNATURE 	DATE 1/25/2006

(This space for State use only)

RECEIVED
JAN 26 2006

WHITMAR EXPLORATION COMPANY

555 17th Street, Suite 880
Denver, CO 80202-3908
(303) 991-9400
Fax (303) 991-9401

January 25, 2006

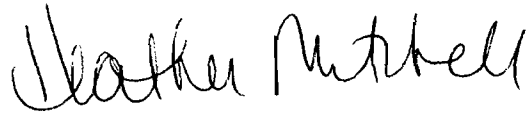
Carol Daniels
Utah Division of Oil, Gas and Mining
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, UT 84116

Re: East Helper Notice of First Production

Dear Ms. Daniels:

Please find the enclosed Notice of First Production on the 22-4, 26-2, ~~26-3~~, 27-1, 27-2, 27-3, 34-1, 34-2 and the SWD #2 wells in Utah. I will be sending the other requested information shortly. If you have any questions or concerns, please call me at 303-991-9400 ext. 100.

Sincerely,



Heather Mitchell

RECEIVED
JAN 26 2006
DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

1a. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Dry <input type="checkbox"/> Other						5. Lease Serial No. UTU80556			
b. Type of Completion: <input checked="" type="checkbox"/> New Well <input type="checkbox"/> Work Over <input type="checkbox"/> Deepen <input type="checkbox"/> Plug Back <input type="checkbox"/> Diff. Resvr., Other _____						6. If Indian, Allottee or Tribe Name N/A			
2. Name of Operator WhitMar Exploration Company						7. Unit or CA Agreement Name and No. N/A			
3. Address 555 17th Street, Suite 880, Denver, CO 80202						3a. Phone No. (include area code) 303-991-9400		8. Lease Name and Well No. 26-3	
4. Location of Well (Report location clearly and in accordance with Federal requirements)* At surface 2,031'FSL, 587'FWL At top prod. interval reported below Same At total depth Same						9. AFI Well No. 4300730957			
14. Date Spudded 10/19/2005						15. Date T.D. Reached 11/07/2005		16. Date Completed 12/29/2005 <input type="checkbox"/> D & A <input checked="" type="checkbox"/> Ready to Prod.	
18. Total Depth: MD 3661 TVD 3661						19. Plug Back T.D.: MD 3661 TVD 3661		20. Depth Bridge Plug Set: MD TVD	
21. Type Electric & Other Mechanical Logs Run (Submit copy of each) ✓ Dual Induction and Density Neutron, VOLUME/G-R						22. Was well cored? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit analysis) Was DST run? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit report) Directional Survey? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes (Submit copy)			
23. Casing and Liner Record (Report all strings set in well)									
Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sks. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12 1/4	8 5/8	24	0	350	350	Hifill-180	278	0	0
7 7/8	5 1/2	15.5	0	3661	3661	Prem+ 120			
24. Tubing Record									
Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	
2 7/8									
25. Producing Intervals					26. Perforation Record				
Formation		Top	Bottom	Perforated Interval		Size	No. Holes	Perf. Status	
A) Feron				3164-80				open	
B) Feron				3064-94				open	
C)									
D)									
27. Acid, Fracture, Treatment, Cement Squeeze, etc.									
Depth Interval			Amount and Type of Material						
28. Production - Interval A									
Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
01/28/2006			→	0	18	579			
Choke Size	Tbg. Press Flwg. SI	Csg. Press	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						
28a. Production - Interval B									
Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press Flwg. SI	Csg. Press	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

*(See instructions and spaces for additional data on page 2)

MAR 24 2006

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	Producing

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (*Sold, used for fuel, vented, etc.*)**Used for Fuel and Sold**

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth

32. Additional remarks (include plugging procedure):

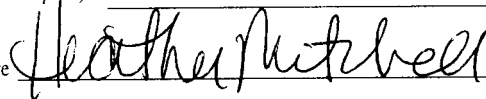
33. Indicate which items have been attached by placing a check in the appropriate boxes:

- ☒ Electrical/Mechanical Logs (1 full set req'd.)
 ☐ Geologic Report
 ☐ DST Report
 ☐ Directional Survey
☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) **Heather Mitchell**Title **Administrative Assistant**

Signature

Date **03/15/2006**

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

WHITMAR EXPLORATION COMPANY

555 17th Street, Suite 880
Denver, Colorado 80202-3908
Telephone 303-991-9400 • Fax 303-991-9401

CONFIDENTIAL

26-3
Section 26-T13S-R11E

API Number: 43-007-30957
Carbon County, Utah

DAILY OPERATIONS

10-4-05	Site under construction.		
	DC: \$0.00	CC: \$0.00	
10-5-05	Site under construction. Drop from report until further development.		
	DC: \$0.00	CC: \$0.00	
10-19-05	Current Operations: shut dn		
	7 am – 12 pm no activity, 12 pm – 7 pm move equip & rig on location, 7 pm – 12 am no activity, 12 am – 2 am rig up, 2 am – 4 am drilled conductor bore hole 17" to 20', 4 am – 6 am run 20' conductor, 6 am – 7 am cement pipe		
	DC: \$2,540.00	CC: \$2,540.00	
10-20-05	Current Operations: drilling surface	Depth: 330	
	7 am – 10 am woc to set on conductor, 10 am – 1 pm put on diverter & weld on flange, 1 pm – 7 pm drilled to 82', 7 pm – 7 am drilled to 330'		
	DC: \$11,070.00	CC: \$13,610.00	
10-21-05	Current Operations: SDF days off	Depth: 345	
	7 am – 8 am drill to 345', 8 am – 9 am circulated hole clean, 9 am – 12:30 pm TOOH laying down, 12:30 pm – 1 pm rig up to run 8 5/8 casing, 1 pm – 3 pm TIH with casing, 3 pm – 4 pm rig down & set up to cement casing, 4 pm – 4:30 pm WOC, 4:30 pm – 5:30 pm cement hole & cleaned up equip, 5:30 pm – 6 pm picked up tools & SDFN		
	DC: \$17,773.45	CC: \$31,383.45	
11/3/05	Current Operations: drilling	FTG Last 24 Hrs: 270'	Depth: 630'
	7 am – 8 am no activity, 8 am – 3 pm move rig, 3 pm – 4 pm nipple up BOP, 4 pm – 7 pm test BOP, 7 pm – 11 pm finish rigging up, 11 pm – 12:30 am TIH with BHA tagged cement @ 320', 12:30 am – 3 am drilled to 382', 3 am – 3:30 am run survey @ 350' @ 1 1/2 degrees out, 3:30 am – 7 am drilled to 630'		
	DC: \$15,970.25	CC: \$47,353.70	

11/4/05 Current Operations: **drilling** FTG Last 24 Hrs: **879'** Depth: **1509'**

7 am – 7:30 am drilled to 670', 7:30 am – 8 am survey @ 670' 2 degrees out, 8 am – 9:30 am drilled to 763', 9:30 – 10 am rig repairs on drive line, 10 am – 6:30 pm drilled to 1136', 6:30 pm – 7 pm survey @ 1100' 3 degrees out, put 15K on bit, 7 pm – 6:30 am drilled to 1509', 6:30 am – 7 am survey @ 1500' 2 ½ degrees out

DC: \$20,062.50 CC: \$67,416.20

11/5/05 Current Operations: **drilling** FTG Last 24 Hrs: **893'** Depth: **2402'**

7 am – 6 pm drilled to 1854', 6 pm – 6:30 pm survey @ 1854' 2 degrees out, weight on bit 15K, moved up to 18 K, 6:30 pm – 5:30 am drilled to 2352', 5:30 am – 6 am survey @ 2320' 2 ½ degrees out, weight on bit 18K, moved up to 20K, 6 am – 7 am drilled to 2402'

DC: \$20,356.25 CC: \$87,772.45

11/6/05 Current Operations: **drilling** FTG Last 24 Hrs: **809'** Depth: **3211'**

7 am – 4 pm drilled to 3800', 4 pm – 4:30 pm survey @ 2800' @ 3 ½ degrees out, 4:30 pm – 10 pm drilled to 3008', 10 pm – 11:30 pm survey @ 3000' @ 2 ½ degrees out, & started injecting, 11:30 pm – 7 am drilled to 3211'

DC: \$18,466.75 CC: \$106,239.20

11/7/05 Current Operations: **mixing mud** FTG Last 24 Hrs: **450'** Depth: **3661'**

7 am – 7:30 pm drilled to 3506', 7:30 pm – 9:30 pm survey @ 3500' 3 degrees out, & worked on compressor, 9:30 pm – 2 am drilled to 3661', TD @ 2 am, 2 am – 3 am circulated hole clean, 1 hr, 3 am – 4 am TOOH to 3000', 4 am – 7 am mixed mud to condition hole

DC: \$13,376.00 CC: \$119,615.20

11/8/05 Current Operations: **trying to brk circ** FTG Last 24 Hrs: Depth: **3661'**

7 am – 11 am mixed 5 tubs mud & pumped with no returns, (5 tubs 700 bbls), 11 am – 1 pm TIH to tag fill (150'), 1 pm – 6 pm TOOH laying down, 6 pm – 6:30 pm rig up loggers, 6:30 pm – 10:30 pm log well, 10:30 pm – 3:30 am TIH to break circulation while waiting on cement, 3:30 am -5:30 am mix mud to circulate, 5:30 am – 7 am TIH to 3000'

DC: \$20,522.75 CC: \$140,137.95

11/9/05 Current Operations: **moving** FTG Last 24 Hrs: Depth: **3661'**

7 am – 8 am STIH to 2000' & broke circulation, 8 am – 9:30 am reaming down , lost some mud , mixed up 140 bbls, 9:30 am – 10 am started working pipe down , lost circulation for a short time, 10 am – 1:30 pm reamed down to 3440', 1:30 pm – 5 pm TOOH laying down, 5 pm – 11 pm TIH with 3433.22' of 5 ½ casing, 11 pm – 2 am rig up cementers & pump 180 sks lead & 120 sks tail, 2 am – 3 am set slips & cut off pipe & released rig

Casing run as follows

Casing Set @_____

Joint	Description	Length	GL.
	Rig up Halliburton, safety meeting & press test lines @ 2000 psi, pump 10 bbls H₂O & 20 bbls superflush & 10 bbls H₂O spacer with 122 bbls lead cement high fill & 34 bbls tail cement premium G lost circulation @ 43 bbls into displacement lift press started climbing to 760 # @ plug down tested 1274 # flow back ½ bbls Cement_high fill/premium G Amount_180sk/120sk_		

DC: \$92,877.72

CC: \$233,015.67

11-17-05	Set frac tank & started filling with water, Hot oiler heating water in tanks, wireline bond log & perforated 1 st zone
12-7-05	12 pm – 1 pm: rig up on well 1 pm – 2 pm: Nipple down frac valve, nipple up BOP 2 pm – 3 pm: Rig up pump and tank 3 pm – 5 pm: TIH with 4 ¾ bit and sub 5 pm – 6 pm: SDFN
12-8-05	7 am – 8 am: arrive on location started up equip. 8 am – 9:30 am: TIH, tag sand @ 2675 9:30 am – 4 pm: Wash 2 plug @2680 (plug came up hole 100 feet) Chase plug to the bottom and drilled up. 4 pm – 5 pm: Shut down and drained pumping lines, SDFN
12-9-05	7 am – 8 am: arrive on location started up equip. 8 am – 9:30 am: TOOH laying down 9:30 am – 12 pm: TIH with pump and 98 joints of 2 7/8 tubing 12 pm – 1 pm: Nippled down BOP, nipped up wellhead. Hung pump up @ 3212.8 feet. 1 pm – 2 pm: Set up run rods 2 pm – 4:30 pm: put on rod guides and boxes. RIH with 47 rods 4:30 pm – 5:30 pm: Pick up polish and SWIFN
12-10-05	7 am – 8 am: arrive on location started up equip. 8 am – 11 am: TIH with 71 more rods, 118 total 11 am – 12 pm: Rig down and move
12/19/05	Wilson Supply spaced out PCP pumps and tested Units. Nelco continued flow line and separated hook up. Well to be completed in 15 days. Consider this as final report.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0137
Expires: March 31, 2007**SUNDRY NOTICES AND REPORTS ON WELLS**

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE- Other instructions on reverse side.

1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other		5. Lease Serial No. UTU80556
2. Name of Operator WhitMar Exploration Company		6. If Indian, Allottee or Tribe Name N/A
3a. Address 555 17th Street, Suite 880, Denver, CO 80202	3b. Phone No. (include area code) 303-991-9400	7. If Unit or CA/Agreement, Name and/or No. N/A
4. Location of Well (Footage, Sec., T., R., M., or Survey Description) 2,031' FSL, 587' FWL NWSW Sec. 26 13S 11E		8. Well Name and No. 26-3
		9. API Well No. 4300730957
		10. Field and Pool, or Exploratory Area Undesignated
		11. County or Parish, State Carbon, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input checked="" type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input type="checkbox"/> Other
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to deepen directionally or recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Well Completed and online. Date of first sale 01/24/2006

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed) Heather Mitchell	Title Administrative Assistant
Signature Heather Mitchell	Date 03/23/2006

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by _____	Title _____	Date _____
Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.	Office _____	

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

(Instructions on page 2)

MAR 28 2006

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

WELL COMPLETION OR RECOMPLETION REPORT AND LOG

FORM APPROVED
OMB NO. 1004-0137
Expires: March 31, 2007

1a. Type of Well ☐ Oil Well ☒ Gas Well ☐ Dry ☐ Other

b. Type of Completion: ☒ New Well ☐ Work Over ☐ Deepen ☐ Plug Back ☐ Diff. Resvr.,
Other _____

2. Name of Operator **WhitMar Exploration Company**

3. Address **555 17th Street, Suite 880, Denver, CO 80202** 3a. Phone No. (include area code) **303-991-9400**

4. Location of Well (Report location clearly and in accordance with Federal requirements)*
At surface **2,031' FSL, 587' FWL**
At top prod. interval reported below **same**
At total depth **same**

5. Lease Serial No. **UTU80556**

6. If Indian, Allottee or Tribe Name **n/a**

7. Unit or CA Agreement Name and No. **n/a**

8. Lease Name and Well No. **26-3**

9. AFI Well No. **4300730957**

10. Field and Pool, or Exploratory **undesigned**

11. Sec., T., R., M., on Block and Survey or Area **Sec. 26-13S-11E**

12. County or Parish **Carbon** 13. State **UT**

14. Date Spudded **10/19/2005** 15. Date T.D. Reached **11/07/2005** 16. Date Completed **12/29/2005**
☐ D & A ☐ Ready to Prod.

17. Elevations (DF, RKB, RT, GL)* **GL: 6063'**

18. Total Depth: MD **3661'** 19. Plug Back T.D.: MD **TVD 3661'** 20. Depth Bridge Plug Set: MD **TVD**

21. Type Electric & Other Mechanical Logs Run (Submit copy of each)
Dual Induction, Density Neutron & Cement Bond log

22. Was well cored? ☒ No ☐ Yes (Submit analysis)
Was DST run? ☒ No ☐ Yes (Submit report)
Directional Survey? ☒ No ☐ Yes (Submit copy)

23. Casing and Liner Record (Report all strings set in well)

Hole Size	Size/Grade	Wt. (#/ft.)	Top (MD)	Bottom (MD)	Stage Cementer Depth	No. of Sk. & Type of Cement	Slurry Vol. (BBL)	Cement Top*	Amount Pulled
12.25	8 5/8	24	0	350		Hifill/180	278	1196	0
7 7/8	5 1/2	15.5	0	3661		Prem+/120			

24. Tubing Record

Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)	Size	Depth Set (MD)	Packer Depth (MD)
2 7/8								

25. Producing Intervals

Formation	Top	Bottom	Perforated Interval	Size	No. Holes	Perf. Status
A) Ferron			3164-80			open
B) Ferron			6064-94			open
C)						
D)						

27. Acid, Fracture, Treatment, Cement Squeeze, etc.

Depth Interval	Amount and Type of Material

28. Production - Interval A

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→	0	18	579			
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→					Producing	

28a. Production - Interval B

Date First Produced	Test Date	Hours Tested	Test Production	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
			→						
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	
			→						

*(See instructions and spaces for additional data on page 2)

RECEIVED

APR 25 2006

DIV. OF OIL, GAS & MINING

RECEIVED

APR 13 2006

DIV. OF OIL, GAS & MINING

28b. Production - Interval C

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

28c. Production - Interval D

Date First Produced	Test Date	Hours Tested	Test Production →	Oil BBL	Gas MCF	Water BBL	Oil Gravity Corr. API	Gas Gravity	Production Method
Choke Size	Tbg. Press. Flwg. SI	Csg. Press.	24 Hr. Rate →	Oil BBL	Gas MCF	Water BBL	Gas/Oil Ratio	Well Status	

29. Disposition of Gas (Sold, used for fuel, vented, etc.)

Sold and used for fuel

30. Summary of Porous Zones (Include Aquifers):

Show all important zones of porosity and contents thereof: Cored intervals and all drill-stem tests, including depth interval tested, cushion used, time tool open, flowing and shut-in pressures and recoveries.

31. Formation (Log) Markers

Formation	Top	Bottom	Descriptions, Contents, etc.	Name	Top
					Meas. Depth
				Ferron	3004'

32. Additional remarks (include plugging procedure):

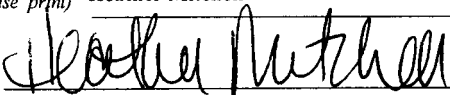
33. Indicate which items have been attached by placing a check in the appropriate boxes:

- ☒ Electrical/Mechanical Logs (1 full set req'd.)
 ☐ Geologic Report
 ☐ DST Report
 ☐ Directional Survey
☐ Sundry Notice for plugging and cement verification
 ☐ Core Analysis
 ☐ Other:

34. I hereby certify that the foregoing and attached information is complete and correct as determined from all available records (see attached instructions)*

Name (please print) **Heather Mitchell**Title **Administrative Assistant**

Signature



Date

4-11-06

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL <input type="checkbox"/> GAS WELL <input checked="" type="checkbox"/> OTHER _____		5. LEASE DESIGNATION AND SERIAL NUMBER: UTU 80556
2. NAME OF OPERATOR: WhitMar Exploration Company		6. IF INDIAN, ALLOTTEE OR TRIBE NAME: N/A
3. ADDRESS OF OPERATOR: 555 17th Street, Suite 880 CITY Denver STATE CO ZIP 80202		7. UNIT or CA AGREEMENT NAME: N/A
PHONE NUMBER: (303) 991-9400		8. WELL NAME and NUMBER: 26-3
4. LOCATION OF WELL FOOTAGES AT SURFACE: 2031' FSL, 587' FWL QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: NESW 26 13S 11E		9. API NUMBER: 4300730957
		10. FIELD AND POOL, OR WILDCAT: Wildcat
		COUNTY: Carbon
		STATE: UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

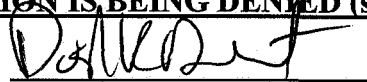
TYPE OF SUBMISSION	TYPE OF ACTION		
<input checked="" type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE	<input type="checkbox"/> DEEPEN	<input type="checkbox"/> REPERFORATE CURRENT FORMATION
	<input type="checkbox"/> ALTER CASING	<input type="checkbox"/> FRACTURE TREAT	<input type="checkbox"/> SIDETRACK TO REPAIR WELL
	<input type="checkbox"/> CASING REPAIR	<input type="checkbox"/> NEW CONSTRUCTION	<input type="checkbox"/> TEMPORARILY ABANDON
	<input type="checkbox"/> CHANGE TO PREVIOUS PLANS	<input type="checkbox"/> OPERATOR CHANGE	<input type="checkbox"/> TUBING REPAIR
	<input type="checkbox"/> CHANGE TUBING	<input type="checkbox"/> PLUG AND ABANDON	<input type="checkbox"/> VENT OR FLARE
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____	<input type="checkbox"/> CHANGE WELL NAME	<input type="checkbox"/> PLUG BACK	<input type="checkbox"/> WATER DISPOSAL
	<input type="checkbox"/> CHANGE WELL STATUS	<input type="checkbox"/> PRODUCTION (START/RESUME)	<input type="checkbox"/> WATER SHUT-OFF
	<input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS	<input type="checkbox"/> RECLAMATION OF WELL SITE	<input checked="" type="checkbox"/> OTHER: Classify as Wildcat
	<input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	

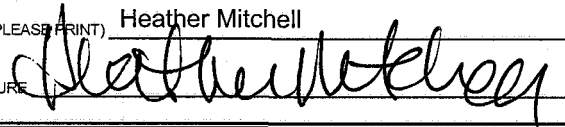
12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

Please find the attached information to re-classify the 26-3 as a wildcat well

THIS REQUEST FOR WILDCAT WELL DESIGNATION IS BEING DENIED (see attached Statement of Basis).

CC: STATE TAX COMMISSION (Emailed)


November 19, 2007
Utah Division of Oil, Gas and Mining

NAME (PLEASE PRINT) Heather Mitchell	TITLE Operations Coordinator
SIGNATURE 	DATE 10/1/2007

(This space for State use only)

COPY SENT TO OPERATOR
Date: 11-20-07
Initials: RM

(See Instructions on Reverse Side)

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OCT 02 2007

DIV. OF OIL, GAS & MINING

1.2.2

In December 2005 and January 2006, WhitMar was targeting the Ferron Coal section of the Ferron Sandstone Formation in all nine of its wells in sections 22, 26, 27, and 34 of 13S-11E.

At the time of completion in December 2005 and January 2006, there were no known producing wells within 1 mile of any of WhitMar's wells.

Two wells within 1 mile of the designated area were being drilled in this same timeframe late November 2005), in section 28-13S-11E:

API # 4300730974

API # 4300730973

Both of these wells were in the process of being drilled in late November 2005, and all of this information was confidential.

1.2.3

There were no known producing wells within one mile of WhitMar's nine wildcats at the time of completion.

1.2.4

No specific structure was targeted in the nine WhitMar wildcats.

As depicted in the attached plats, the 27-4 was completed in December 2005, as part of a 9-well batch completion program, whose 8 other completions followed directly and without interruption in January 2006. As outlined in the pre-drill operations prognosis, information from the 27-4 would not (and did not) dictate the completion decisions of the 8 other wells.

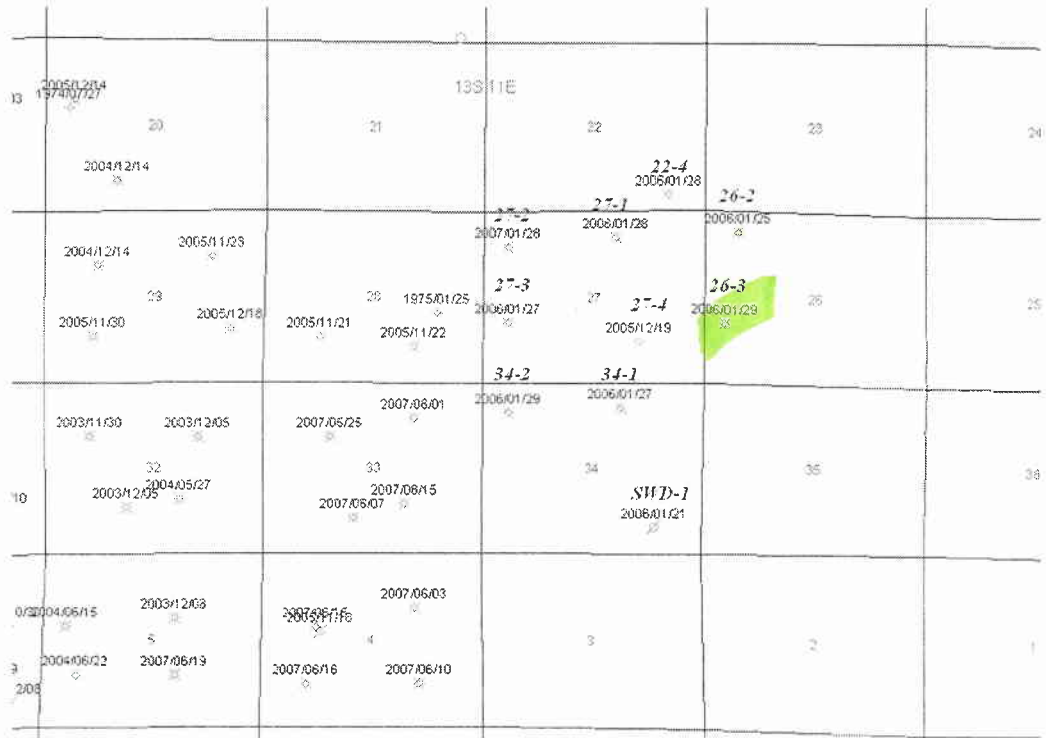
1.2.5

BHP=1373 psi

In essence, the nine wells were drilled and completed in rapid succession, with no producing wells within 1 mile, and without sufficient time to determine if any of the 9 wells were productive.

With this evidence, we are seeking wildcat classification for the 9 wells in question.

Completion Date



DIVISION OF OIL, GAS AND MINING

Wildcat Well Determination

STATEMENT OF BASIS

Applicant: WhitMar Exploration Company

Location: NWNE Sec. 26 T13S, R11E, Carbon County, Utah

WELL NAME: 26-3 **API #:** 43-007-30957

FINDINGS

1. This well was completed on December 29, 2005 in the Ferron formation. Pipe was set at Total Depth on November 9, 2005.
2. The Coal Creek 1 well, located just over 1 mile from the subject well was drilled and tested in 1975 as having gas shows in the Ferron formation.
3. This well was just over 1 mile from known production in the Ferron Formation at the time of the completion and the start of commercial production. Two of these wells, the N Bench Fed 34-28 well and the N Bench Fed 23-28 were put on production on November 22, 2005 and November 21, 2005 respectively. Although all information on these wells may not have been readily available at the time of completion of the subject well, there was information available and these wells were not classified as confidential.
4. This well is approximately 2.5 miles from the N Bench St 32-32 well that has been producing commercial quantities of gas from the Ferron formation since December of 2003.
5. This well is approximately 587' from the eastern edge of Cause No. 241-6 that was approved by the Board of Oil, Gas and Mining on September 22, 2004 at the request of WhitMar Exploration. The Order defines Sections 22 and 27 as a common source of supply and an extension of previous Orders of the Board in the Ferron formation in the East Helper area. Cause No. 241-6 directly offsets Cause No. 241-5 which was an extension of Cause No. 241-4 and Cause No. 241-1. The Board orders in these Cause Nos. defined the Ferron formation as a pool.
6. Evidence presented in Cause No. 241-6 showed the continuity of the Ferron Formation through the subject well. Also, several wells drilled several miles to the east and prior to the drilling of the subject well further support and show the continuity of Ferron Formation through the area.
7. 10 wells were drilled by WhitMar in the immediate area prior to putting any one into production. 7 of these wells had already been drilled prior to this well being drilled.
8. The Wildcat Tax Credit application was received almost 2 years after completion of the subject well (see submittal requirements in R649-3-35-1).

CONCLUSIONS

Based on the findings above the Division has determined the 26-3 well was drilled into a known producing area for the Ferron Formation. All wells in this area were drilled within a spaced drilling unit or just outside a spaced drilling unit. WhitMars' own testimony in Cause No. 241-6 was that the Ferron formation was known to contain hydrocarbons in paying quantities in this area, insofar as much as the Board agreed and set up drilling and spacing units according to that evidence. No

information was provided in the testimony or in the application that supported the subject well being drilled in a separate pool. The drilling of 10 wells (9 eventual producers and 1 disposal well) prior to putting any wells online also helps support the fact that this was a known area for production in the Ferron formation. Because of the different nature of Coal Bed Methane (CBM) production, you do need to remove the hydrostatic from the coals in order to produce the gas. A pattern of several wells does help de-water the coals and allow for quicker recovery of the gas and would be expected in a known CBM area.

The application was also received after the Well Completion Report was submitted and after production had commenced in the area. Future requests for wildcat well determination should be submitted in accordance with R649-3-35-1.

Therefore, the Division finds that this well does not qualify for the severance tax exemption under Section 59-5-102(2)(d) for wildcat wells. This determination was made in accordance with Oil and Gas General Conservation Rule R649-3-35. If the operator disagrees with this determination, the decision may be appealed to the Board of Oil Gas and Mining.

Reviewer(s): Dustin K. Doucet

DKD

Date: 11/19/2007

THIS REQUEST FOR WILDCAT WELL DESIGNATION IS BEING DENIED.

[Signature]

November 19, 2007

Utah Division of Oil, Gas and Mining

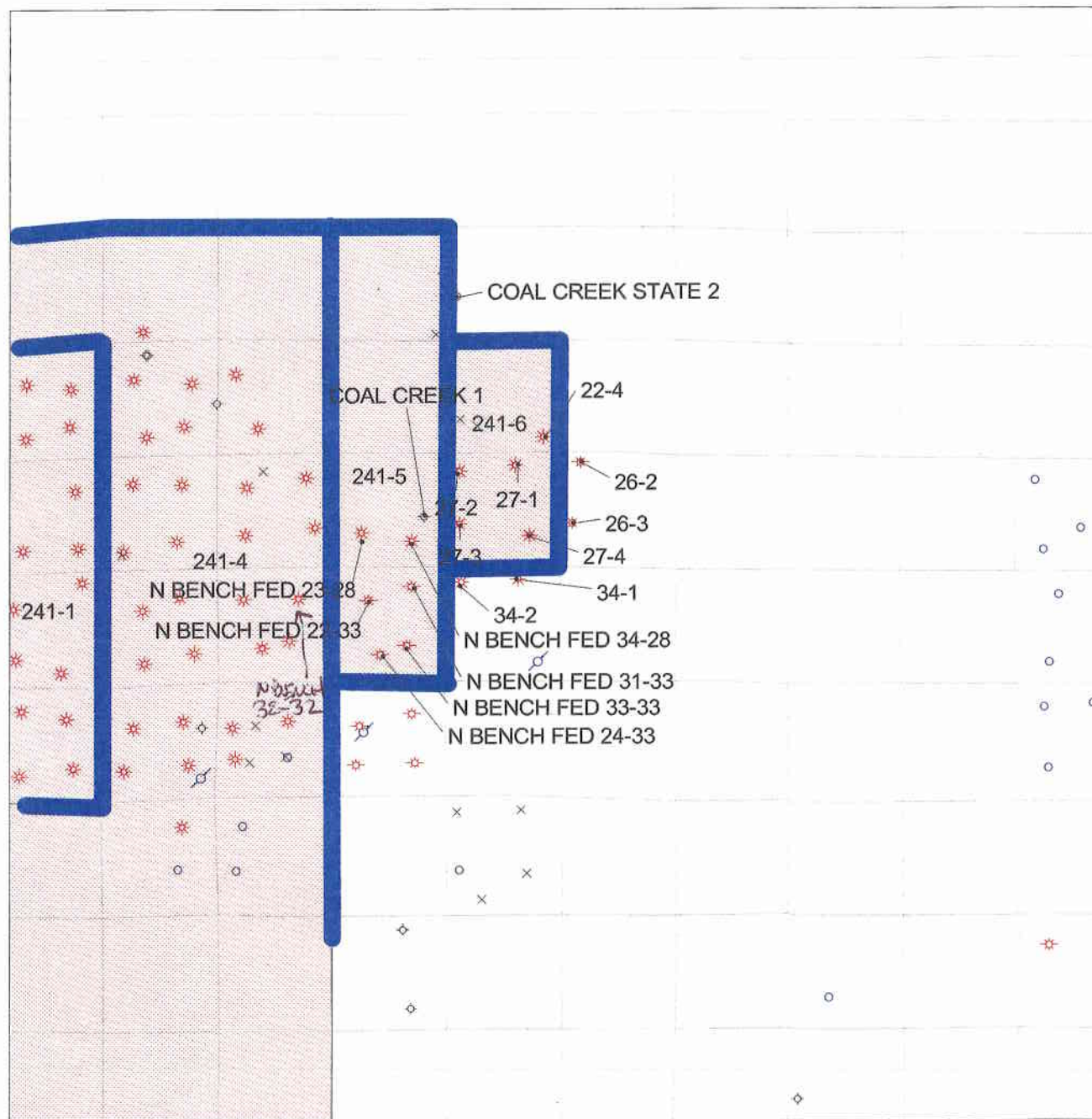
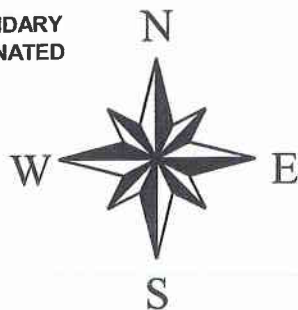
- Sections.shp
- Wells.shp
- GAS INJECTION
 - ★ GAS STORAGE
 - × LOCATION ABANDONED
 - NEW LOCATION
 - ◇ PLUGGED & ABANDONED
 - ★ PRODUCING GAS
 - PRODUCING OIL
 - ★ SHUT-IN GAS
 - ◇ SHUT-IN OIL
 - × TEMP. ABANDONED
 - TEST WELL
 - △ WATER INJECTION
 - ◇ WATER SUPPLY
 - ◇ WATER DISPOSAL
 - ⊙ DRILLING
 - ▲ RETURNED GAS
 - ▲ RETURNED OIL
 - ★ GAS INJECTION SI
 - ▲ WATER DISP. SUSP.
 - ◇ WATER INJ. SUSP.

160.shp

- ACTIVE
- VACATED

Units.shp

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED



WhitmarCBMWildcat AOR

Division of Oil, Gas and Mining
OPERATOR CHANGE WORKSHEET (for state use only)

ROUTING
CDW

X - Change of Operator (Well Sold)

Operator Name Change/Merger

The operator of the well(s) listed below has changed, effective:

1/1/2012

FROM: (Old Operator):
 N2585- Whitmar Exploration Company
 555 17th Street Suite 880
 Denver, CO 80202
 Phone: 1 (

TO: (New Operator):
 N3695- Emery Resources Holdings, LLC
 8350 E Raintree Dr Suite 12
 Scottsdale, AZ 85260
 Phone: 1 (480) 528-6836

CA No.

Unit:

N/A

WELL NAME	SEC TWN RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS
See Attached List						

OPERATOR CHANGES DOCUMENTATION

Enter date after each listed item is completed

- (R649-8-10) Sundry or legal documentation was received from the **FORMER** operator on: 4/16/2012
- (R649-8-10) Sundry or legal documentation was received from the **NEW** operator on: 4/16/2012
- The new company was checked on the **Department of Commerce, Division of Corporations Database** on: 11/9/2012
- a. Is the new operator registered in the State of Utah: Business Number: 6724027-0160
- 5a. (R649-9-2) Waste Management Plan has been received on: Yes
- 5b. Inspections of LA PA state/fee well sites complete on: N/A
- 5c. Reports current for Production/Disposition & Sundries on: 11/9/2012
- Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM Not et BIA N/A
- Federal and Indian Units:**
 The BLM or BIA has approved the successor of unit operator for wells listed on: N/A
- Federal and Indian Communization Agreements ("CA"):**
 The BLM or BIA has approved the operator for all wells listed within a CA on: N/A
- Underground Injection Control ("UIC")** Division has approved UIC Form 5 Transfer of Authority to **Inject**, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: 4/27/2012

DATA ENTRY:

- Changes entered in the **Oil and Gas Database** on: 11/13/2012
- Changes have been entered on the **Monthly Operator Change Spread Sheet** on: 11/13/2012
- Bond information entered in RBDMS on: 11/13/2012
- Fee/State wells attached to bond in RBDMS on: 11/13/2012
- Injection Projects to new operator in RBDMS on: N/A
- Receipt of Acceptance of Drilling Procedures for APD/New on: N/A

BOND VERIFICATION:

- Federal well(s) covered by Bond Number: UTB002885
- Indian well(s) covered by Bond Number: N/A
- 3a. (R649-3-1) The **NEW** operator of any state/fee well(s) listed covered by Bond Number 29209491
29209509
- 3b. The **FORMER** operator has requested a release of liability from their bond on: N/A

LEASE INTEREST OWNER NOTIFICATION:

- (R649-2-10) The **NEW** operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: #####

COMMENTS:

Whitmar Exploration Company (N2585) to
Emery Resources Holdings, LLC (N3695)
Effective 1/1/2012

Well Name	Sec	Twp	Rng	API Number	Entity	Lease	Type	Status	Conf
SWD #1	34	130S	110E	4300730979	14920	Federal	WD	A	
10-3	10	140S	110E	4300730952	14744	Federal	GW	OPS	C
34-1	34	130S	110E	4300730884	14968	Federal	GW	P	
27-2	27	130S	110E	4300730939	14746	Fee	GW	P	
27-4	27	130S	110E	4300730940	14757	Fee	GW	P	
26-3	26	130S	110E	4300730957	15014	Federal	GW	P	
27-3	27	130S	110E	4300730958	14745	Federal	GW	P	
34-2	34	130S	110E	4300730960	15038	Federal	GW	P	
22-4	22	130S	110E	4300730956	14983	Federal	GW	S	
26-2	26	130S	110E	4300730963	15003	Federal	GW	S	

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 9

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, significantly deepen existing wells below current bottom-hole depth, reenter plugged wells, or to drill horizontal laterals. Use APPLICATION FOR PERMIT TO DRILL form for such proposals.

1. TYPE OF WELL OIL WELL ☐ GAS WELL ☒ OTHER _____

2. NAME OF OPERATOR:

Emery Resource Holdings LLC

N 3695

3. ADDRESS OF OPERATOR:

8350 E Raintree Dr. Suite 12

CITY

Scottsdale

STATE

AZ

ZIP

85260

PHONE NUMBER:

(480) 528-6836

5. LEASE DESIGNATION AND SERIAL NUMBER:

6. IF INDIAN, ALLOTTEE OR TRIBE NAME:

7. UNIT or CA AGREEMENT NAME:

8. WELL NAME and NUMBER:

9. API NUMBER:

10. FIELD AND POOL, OR WILDCAT:

4. LOCATION OF WELL

FOOTAGES AT SURFACE:

COUNTY: Carbon

QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN:

STATE:

UTAH

11. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION		
<input type="checkbox"/> NOTICE OF INTENT (Submit in Duplicate) Approximate date work will start: _____	<input type="checkbox"/> ACIDIZE <input type="checkbox"/> ALTER CASING <input type="checkbox"/> CASING REPAIR <input type="checkbox"/> CHANGE TO PREVIOUS PLANS <input type="checkbox"/> CHANGE TUBING <input type="checkbox"/> CHANGE WELL NAME <input type="checkbox"/> CHANGE WELL STATUS <input type="checkbox"/> COMMINGLE PRODUCING FORMATIONS <input type="checkbox"/> CONVERT WELL TYPE	<input type="checkbox"/> DEEPEN <input type="checkbox"/> FRACTURE TREAT <input type="checkbox"/> NEW CONSTRUCTION <input checked="" type="checkbox"/> OPERATOR CHANGE <input type="checkbox"/> PLUG AND ABANDON <input type="checkbox"/> PLUG BACK <input type="checkbox"/> PRODUCTION (START/RESUME) <input type="checkbox"/> RECLAMATION OF WELL SITE <input type="checkbox"/> RECOMPLETE - DIFFERENT FORMATION	<input type="checkbox"/> REPERFORATE CURRENT FORMATION <input type="checkbox"/> SIDETRACK TO REPAIR WELL <input type="checkbox"/> TEMPORARILY ABANDON <input type="checkbox"/> TUBING REPAIR <input type="checkbox"/> VENT OR FLARE <input type="checkbox"/> WATER DISPOSAL <input type="checkbox"/> WATER SHUT-OFF <input type="checkbox"/> OTHER: _____
<input type="checkbox"/> SUBSEQUENT REPORT (Submit Original Form Only) Date of work completion: _____			

12. DESCRIBE PROPOSED OR COMPLETED OPERATIONS. Clearly show all pertinent details including dates, depths, volumes, etc.

See attached list

BLM Bond # UTB 002885

Fee Bond # 0029209491 + 0029209509

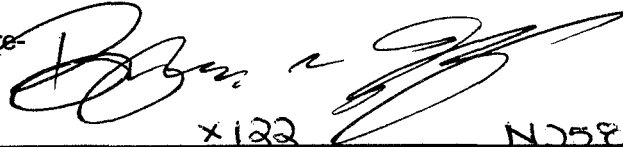
Effective date 1-1-2012

WHITMAR EXPLORATION COMPANY SOLD ALL OF ITS
UTAH WELLS/ASSETS TO EMERY RESOURCES

Whitmar Exploration Co.

name- BENJAMIN M. ZAPP

signature-



03/30/12

x122

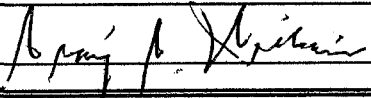
N2585

NAME (PLEASE PRINT) Craig C. Williams

TITLE

President

SIGNATURE



DATE

1-12-12

(This space for State use only)

APPROVED

NOV 13 2012

DIV. OIL GAS & MINING

BY: Rachel Medina

(5/2000)

(See Instructions on Reverse Side)

RECEIVED

APR 16 2012

DIV. OF OIL, GAS & MINING

Well Name	API #		Section	Township	Range	Lease	
Well in operation							
SWD #1	43-007-30979	SESE	34	13S	11E	FEE w/ Fed Minerals	
34-1	43-007-30884	NWNE	34	13S	11E	FEE	
27-2	43-007-30939	NWNW	27	13S	11E	FEE	
27-4	43-007-30940	NWSE	27	13S	11E	FEE	
22-4	43-007-30956	SESE	22	13S	11E	Federal	
26-3	43-007-30957	NWSW	26	13S	11E	Federal	
27-3	43-007-30958	NWSW	27	13S	11E	Federal	
34-2	43-007-30960	NWNW	34	13S	11E	Federal	
26-2	43-007-30963	NWNW	26	13S	11E	Federal	
Well APD							
34-4	43-007-31335	NWSE	34	13S	11E	FEE w/ Fed Minerals	APD
34-3	43-007-31344	SWSW	34	13S	11E	Federal	APD
Well to be plugged							
10--3	43-007-30952	NWSW	10	14S	11E	Federal	